

CHILD TRUST FUNDS ACT 2004

EXPLANATORY NOTES

COMMENTARY

Section 20: Penalties

70. Under *subsection (1)* the Inland Revenue has power to impose a penalty of £300 on anyone who fraudulently applies to open, makes a withdrawal from or secures the opening by the Inland Revenue of a child trust fund.
71. *Subsection (2)* allows the Inland Revenue to impose a penalty not greater than £3,000 on an account provider who makes a fraudulent or negligent claim under sections 8 or 9 or in connection with regulations under sections 10 or 13 and on any person who fraudulently or negligently provides incorrect information under section 15.
72. Under *subsection (3)* penalties can be imposed on account providers who do not make a claim under section 8, 9 or 10 within the time set out in regulations and on any person who does not provide a document or information within the time set out in regulations under section 15. *Subsection (4)* sets this penalty at no more than £300 and no more than £60 for each day that the failure continues after the first penalty is imposed. *Subsection (5)* ensures that no penalty will be charged under subsection (3) once the failure has been remedied. *Subsection (6)* ensures that a person will not be considered to have failed to make a timely claim or failed to provide or make information available on time if they have made the claim etc. within any additional time offered by the Inland Revenue, if they had a reasonable excuse for the delay, and if they made the claim etc. without delay once the excuse no longer applied.
73. Under *subsection (7)* penalties can be imposed on account providers in respect of:
- a) the provision of an account which does not comply with the requirements of this Act or regulations made under it as set out in *subsection (8)*;
 - b) the failure to comply with sections 8(2) and 9(3) on crediting accounts with the initial and supplementary Government contributions or with regulations under 5(5) on the opening of accounts by providers, under section 6(3) on providers opening accounts at the request of the Inland Revenue, under section 7 on transfers and under section 10(3) on crediting accounts with further Government contributions; or
 - c) a breach of section 12(1) allowing only monetary contributions to CTF accounts or regulations on subscription limits under section 12(2).
74. *Subsection (9)* sets the penalty under subsection (7) as the greater of £300 or £1 in respect of each child trust fund for which a penalty is incurred.