

Status: Point in time view as at 31/12/2020.

Changes to legislation: Finance Act 2007, SCHEDULE 24 is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 24

Section 97

PENALTIES FOR ERRORS

Modifications etc. (not altering text)

- C1 Sch. 24 applied (N.I.) (1.4.2008) by [The Education \(Student Loans\) \(Repayment\) Regulations \(Northern Ireland\) 2000 \(S.R. 2000/121\)](#), **regs. 7(2A)(b)**, 26(4) (as amended by S.R. 2008/129, **regs. 1**, 3(a), 4)
- C2 Sch. 24 applied (6.4.2008) by [The Social Security \(Contributions\) Regulations 2001 \(S.I. 2001/1004\)](#), reg. 81(1)(1A), Sch. 4 paras. 21A(8), 21D(9), 21F(12), 22(7), **31(8)** (as amended by S.I. 2008/636, **reg. 7**; S.I. 2010/721, reg. 4; S.I. 2012/821, **reg. 11**)
- C3 Sch. 24 applied (E.W.) (6.4.2009) by [The Education \(Student Loans\) \(Repayment\) Regulations 2009 \(S.I. 2009/470\)](#), **regs. 1(1)**, 13(3)(b), 40(4), 59(8)(b) (with reg. 1(4)(6))
- C4 Sch. 24 applied (N.I.) (6.4.2009) by [The Education \(Student Loans\) \(Repayment\) Regulations \(Northern Ireland\) 2009 \(S.R. 2009/128\)](#), **regs. 1(1)**, 9(3)(b), 35(4), 54(8)(b)
- C5 Sch. 24 modified (8.4.2010) by [Finance Act 2010 \(c. 13\)](#), **Sch. 1 para. 37**
- C6 Sch. 24 applied (with modifications) (19.4.2013) by [The Small Charitable Donations Regulations 2013 \(S.I. 2013/938\)](#), **regs. 1**, **15**
- C7 Sch. 24 excluded (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **Sch. 35 para. 13(a)**
- C8 Sch. 24 applied by 1993 c. 34, Sch. 20A para. 9A(6) (as inserted (19.12.2014) by [The Lloyd's Underwriters \(Conversion of Partnerships to Underwriting through Successor Companies\) \(Tax\) Regulations 2014 \(S.I. 2014/3133\)](#), **regs. 1**, **5(4)**)
- C9 Sch. 24 applied (with modifications) by 1992 c. 4, s. 11A(1)(3) (as inserted (with effect in accordance with Sch. 1 para. 35 of the amending Act) by [National Insurance Contributions Act 2015 \(c. 5\)](#), **Sch. 1 para. 3**)
- C10 Sch. 24 applied (with modifications) by 1992 c.7 (N.I.) s. 11A(1)(3) (as inserted (with effect in accordance with Sch. 1 para. 35 of the amending Act) by [National Insurance Contributions Act 2015 \(c. 5\)](#), **Sch. 1 para. 12**)
- C11 Sch. 24 applied (with application in accordance with reg. 1 of the amending S.I.) by [The Education \(Postgraduate Masters Degree Loans\) Regulations 2016 \(S.I. 2016/606\)](#), **regs. 1(1)**, **85(4)**
- C12 Sch. 24 applied (with application in accordance with reg. 1 of the amending S.I.) by [The Education \(Postgraduate Masters Degree Loans\) Regulations 2016 \(S.I. 2016/606\)](#), **regs. 1(1)**, **50(3)**
- C13 Sch. 24 applied (with application in accordance with reg. 1 of the amending S.I.) by [The Education \(Postgraduate Masters Degree Loans\) Regulations 2016 \(S.I. 2016/606\)](#), **regs. 1(1)**, **24(3)**

PART 1

LIABILITY FOR PENALTY

Error in taxpayer's document

- 1 (1) A penalty is payable by a person (P) where—
 - (a) P gives HMRC a document of a kind listed in the Table below, and
 - (b) Conditions 1 and 2 are satisfied.

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- (2) Condition 1 is that the document contains an inaccuracy which amounts to, or leads to—
- (a) an understatement of [^{F1}a] liability to tax,
 - (b) a false or inflated statement of a loss ^{F2}..., or
 - (c) a false or inflated claim to repayment of tax.
- (3) Condition 2 is that the inaccuracy was [^{F3}careless (within the meaning of paragraph 3) or deliberate on P's part].
- (4) Where a document contains more than one inaccuracy, a penalty is payable for each inaccuracy.

<i>Tax</i>	<i>Document</i>
Income tax or capital gains tax	Return under section 8 of TMA 1970 (personal return).
Income tax or capital gains tax	Return under section 8A of TMA 1970 (trustee's return).
Income tax or capital gains tax	Return, statement or declaration in connection with a claim for an allowance, deduction or relief.
Income tax or capital gains tax	Accounts in connection with ascertaining liability to tax.
Income tax or capital gains tax	Partnership return.
Income tax or capital gains tax	Statement or declaration in connection with a partnership return.
Income tax or capital gains tax	Accounts in connection with a partnership return.
[^{F4} Apprenticeship levy]	Return under regulations under section 105 of FA 2016.]
[^{F5} Capital gains tax]	Return under [^{F6} Schedule 2 to FA 2019].]
[^{F7} Income tax]	Return under section 254 of FA 2004.]
Income tax	Return for the purposes of PAYE regulations.
Construction industry deductions	Return for the purposes of regulations under section 70(1)(a) of FA 2004 in connection with deductions on account of tax under the Construction Industry Scheme.
Corporation tax	Company tax return under paragraph 3 of Schedule 18 to FA 1998.
Corporation tax	Return, statement or declaration in connection with a claim for an allowance, deduction or relief.

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Corporation tax	Accounts in connection with ascertaining liability to tax.
[^{F8} Digital services tax	DST return under paragraph 2 of Schedule 8 to FA 2020.]
VAT	VAT return under regulations made under paragraph 2 of Schedule 11 to VATA 1994.
VAT	Return, statement or declaration in connection with a claim.
^{F9}	^{F9}
.
[^{F10} Insurance premium tax	Return under regulations under section 54 of FA 1994.
Insurance premium tax	Return, statement or declaration in connection with a claim.
Inheritance tax	Account under section 216 or 217 of IHTA 1984.
Inheritance tax	Information or document under regulations under section 256 of IHTA 1984.
Inheritance tax	Statement or declaration in connection with a deduction, exemption or relief.
Stamp duty land tax	Return under section 76 of FA 2003.
Stamp duty reserve tax	Return under regulations under section 98 of FA 1986.
[^{F11} Annual tax on enveloped dwellings	Annual tax on enveloped dwellings return.]
[^{F11} Annual tax on enveloped dwellings	Return of adjusted chargeable amount.]
Petroleum revenue tax	Return under paragraph 2 of Schedule 2 to the Oil Taxation Act 1975.
[^{F12} Petroleum revenue tax	Statement or declaration in connection with a claim under paragraph 13A of Schedule 2 to the Oil Taxation Act 1975.]
Petroleum revenue tax	Statement or declaration in connection with a claim under Schedule 5, 6, 7 or 8 to the Oil Taxation Act 1975.
Petroleum revenue tax	Statement under section 1(1)(a) of the Petroleum Revenue Tax Act 1980.
[^{F13} Soft drinks industry levy	Return under regulations under section 52 of FA 2017]
Aggregates levy	Return under regulations under section 25 of FA 2001.

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Climate change levy	Return under regulations under paragraph 41 of Schedule 6 to FA 2000.
Landfill tax	Return under regulations under section 49 of FA 1996.
Air passenger duty	Return under section 38 of FA 1994.
Alcoholic liquor duties	Return under regulations under section 13, 49, 56 or 62 of the Alcoholic Liquor Duties Act 1979.
Alcoholic liquor duties	Statement or declaration in connection with a claim for repayment of duty under section 4(4) of FA 1995.
Tobacco products duty	Return under regulations under section 7 of the Tobacco Products Duties Act 1979.
Hydrocarbon oil duties	Return under regulations under section 21 of the Hydrocarbon Oil Duties Act 1979.
Excise duties	Return under regulations under section 93 of CEMA 1979.
Excise duties	Return under regulations under section 100G or 100H of CEMA 1979.
Excise duties	Statement or declaration in connection with a claim.
General betting duty	Return under regulations under paragraph 2 of Schedule 1 to BGDA 1981.
Pool betting duty	Return under regulations under paragraph 2A of Schedule 1 to BGDA 1981.
Bingo duty	Return under regulations under paragraph 9 of Schedule 3 to BGDA 1981.
Lottery duty	Return under regulations under section 28(2) of FA 1993.
Gaming duty	Return under directions under paragraph 10 of Schedule 1 to FA 1997.
Remote gaming duty	Return under regulations under section 26K of BGDA 1981.]
[^{F14} Machine games duty	Return under regulations under paragraph 18 of Schedule 24 to FA 2012]
[^{F15} Any of the taxes mentioned above]	Any document which is likely to be relied upon by HMRC to determine,

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without further inquiry, a question about—

- (a) P's liability to tax,
- (b) payments by P by way of or in connection with tax,
- (c) any other payment by P (including penalties), or
- (d) repayments, or any other kind of payment or credit, to P.

^{F16}(4A)

^{F16}(4B)

^{F16}(4C)

^{F17}(5) In relation to a return under paragraph 2 of Schedule 2 to the Oil Taxation Act 1975 [^{F18}or a statement or declaration under paragraph 13A of that Schedule], references in this Schedule to P include any person who, after the giving of the return for a taxable field (within the meaning of that Act), becomes the responsible person for the field (within the meaning of that Act).]

Textual Amendments

- F1** Word in Sch. 24 para. 1(2) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 2\(2\)\(a\)](#); S.I. 2009/571, art. 2
- F2** Words in Sch. 24 para. 1(2) omitted (1.4.2009) by virtue of [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 2\(2\)\(b\)](#); S.I. 2009/571, art. 2
- F3** Words in Sch. 24 para. 1(3) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 2\(3\)](#); S.I. 2009/571, art. 2
- F4** Words in Sch. 24 para. 1 inserted (6.4.2017) by [Finance Act 2016 \(c. 24\), s. 113\(2\)\(16\)](#) (with s. 117); S.I. 2017/355, reg. 2
- F5** Words in Sch. 24 para. 1(4) inserted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\), Sch. 7 para. 56\(2\)](#)
- F6** Words in Sch. 24 para. 1(4) substituted (with effect in accordance with Sch. 2 para. 32(1) of the amending Act) by [Finance Act 2019 \(c. 1\), Sch. 2 para. 27\(2\)](#)
- F7** Words in Sch. 24 para. 1 inserted (with effect in accordance with art. 3-5 of the commencing S.I.) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 2\(4\)](#); S.I. 2009/571, art. 2
- F8** Words in Sch. 24 para. 1 table inserted (22.7.2020) by [Finance Act 2020 \(c. 14\), Sch. 10 para. 3\(2\)](#)
- F9** Words in [Sch. 24 para. 1](#) omitted (31.12.2020) by virtue of [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\), s. 57\(3\), Sch. 8 para. 111\(2\)](#) (with savings and transitional provisions in S.I. 2019/105 (as amended by S.I. 2020/1495, regs. 1(2), 21), S.I. 2020/1545, Pt. 4 and 2020 c. 26, Sch. 2 para. 7(7)-(9)); S.I. 2020/1642, reg. 4(b) (with reg. 7)
- F10** Words in Sch. 24 para. 1 inserted (with effect in accordance with art. 3-5 of the commencing S.I.) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 2\(5\)](#); S.I. 2009/571, art. 2
- F11** Words in Sch. 24 para. 1 inserted (17.7.2013) by [Finance Act 2013 \(c. 29\), Sch. 34 para. 6](#)
- F12** Words in Sch. 24 para. 1 inserted (with effect in accordance with s. 28(2) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\), Sch. 12 para. 12\(2\)](#)
- F13** Words in Sch. 24 para. 1 inserted (6.4.2018) by [Finance Act 2017 \(c. 10\), s. 61\(2\), Sch. 11 para. 3](#); S.I. 2018/467, reg. 2
- F14** Words in Sch. 24 para. 1 inserted (with effect in accordance with Sch. 24 para. 66(2) of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 24 para. 29](#)

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- F15** Words in Sch. 24 para. 1 substituted (1.4.2009) by Finance Act 2008 (c. 9), s. 122(2), **Sch. 40 para. 2(6)**; S.I. 2009/571, art. 2
- F16** Sch. 24 para. 1(4A)-(4C) omitted (31.12.2020) by virtue of Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(3), **Sch. 8 para. 111(3)** (with savings and transitional provisions in S.I. 2019/105 (as amended by S.I. 2020/1495, regs. 1(2), 21), S.I. 2020/1545, Pt. 4 and 2020 c. 26, Sch. 2 para. 7(7)-(9)); S.I. 2020/1642, reg. 4(b) (with reg. 7)
- F17** Sch. 24 para. 1(5) inserted (1.4.2009) by Finance Act 2008 (c. 9), s. 122(2), **Sch. 40 para. 2(7)**; S.I. 2009/571, art. 2
- F18** Words in Sch. 24 para. 1(5) inserted (with effect in accordance with s. 28(2) of the amending Act) by Finance (No. 3) Act 2010 (c. 33), **Sch. 12 para. 12(3)**

Commencement Information

- II** Sch. 24 para. 1 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by S.I. 2008/568, **art. 2** (with **art. 3**)

[^{F19}Error in taxpayer's document attributable to another person

Textual Amendments

- F19** Sch. 24 para. 1A and cross-heading inserted (1.4.2009) by Finance Act 2008 (c. 9), s. 122(2), **Sch. 40 para. 3**; S.I. 2009/571, art. 2

- 1A (1) A penalty is payable by a person (T) where—
- (a) another person (P) gives HMRC a document of a kind listed in the Table in paragraph 1,
 - (b) the document contains a relevant inaccuracy, and
 - (c) the inaccuracy was attributable to T deliberately supplying false information to P (whether directly or indirectly), or to T deliberately withholding information from P, with the intention of the document containing the inaccuracy.
- (2) A “relevant inaccuracy” is an inaccuracy which amounts to, or leads to—
- (a) an understatement of a liability to tax,
 - (b) a false or inflated statement of a loss, or
 - (c) a false or inflated claim to repayment of tax.
- (3) A penalty is payable under this paragraph in respect of an inaccuracy whether or not P is liable to a penalty under paragraph 1 in respect of the same inaccuracy.]

Under-assessment by HMRC

- 2 (1) A penalty is payable by a person (P) where—
- (a) an assessment issued to P by HMRC understates P's liability to [^{F20}a relevant tax], and
 - (b) P has failed to take reasonable steps to notify HMRC, within the period of 30 days beginning with the date of the assessment, that it is an under-assessment.
- (2) In deciding what steps (if any) were reasonable HMRC must consider—
- (a) whether P knew, or should have known, about the under-assessment, and

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(b) what steps would have been reasonable to take to notify HMRC.

[^{F21}(3) In sub-paragraph (1) “relevant tax” means any tax mentioned in the Table in paragraph 1.]

[^{F22}(4) In this paragraph (and in Part 2 of this Schedule so far as relating to this paragraph)—

- (a) “assessment” includes determination, and
- (b) accordingly, references to an under-assessment include an under-determination.]

Textual Amendments

- F20** Words in Sch. 24 para. 2(1) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 4\(2\); S.I. 2009/571, art. 2](#)
- F21** Sch. 24 para. 2(3) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 4\(3\); S.I. 2009/571, art. 2](#)
- F22** Sch. 24 para. 2(4) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\), Sch. 57 para. 2](#)

Commencement Information

- I2** Sch. 24 para. 2 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568, art. 2 \(with art. 3\)](#)

Degrees of culpability

- 3 (1) [^{F23}For the purposes of a penalty under paragraph 1, inaccuracy in] a document given by P to HMRC is—
- (a) “careless” if the inaccuracy is due to failure by P to take reasonable care,
 - (b) “deliberate but not concealed” if the inaccuracy is deliberate [^{F24}on P's part] but P does not make arrangements to conceal it, and
 - (c) “deliberate and concealed” if the inaccuracy is deliberate [^{F24}on P's part] and P makes arrangements to conceal it (for example, by submitting false evidence in support of an inaccurate figure).
- (2) An inaccuracy in a document given by P to HMRC, which was neither careless nor deliberate [^{F25}on P's part] when the document was given, is to be treated as careless if P—
- (a) discovered the inaccuracy at some later time, and
 - (b) did not take reasonable steps to inform HMRC.

[^{F26}(3) Paragraph 47 of Schedule 19 to FA 2016 (special measures for persistently unco-operative large businesses) provides for certain inaccuracies to be treated, for the purposes of this Schedule, as being due to a failure by P to take reasonable care.]

Textual Amendments

- F23** Words in Sch. 24 para. 3(1) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 5\(2\)\(a\); S.I. 2009/571, art. 2](#)
- F24** Words in Sch. 24 para. 3(1) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 5\(2\)\(b\); S.I. 2009/571, art. 2](#)
- F25** Words in Sch. 24 para. 3(2) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 5\(3\); S.I. 2009/571, art. 2](#)

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F26 Sch. 24 para. 3(3) inserted (with effect in accordance with s. 161(2) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 19 para. 48](#)

Commencement Information

I3 Sch. 24 para. 3 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

[F27] Errors related to avoidance arrangements

Textual Amendments

F27 Sch. 24 paras. 3A, 3B and cross-heading inserted (with effect in accordance with s. 64(5)(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 64\(2\)](#)

- 3A (1) This paragraph applies where a document of a kind listed in the Table in paragraph 1 is given to HMRC by a person (“P”) and the document contains an inaccuracy which—
- (a) falls within paragraph 1(2), and
 - (b) arises because the document is submitted on the basis that particular avoidance arrangements (within the meaning of paragraph 3B) had an effect which in fact they did not have.
- (2) It is to be presumed that the inaccuracy was careless, within the meaning of paragraph 3, unless—
- (a) the inaccuracy was deliberate on P's part, or
 - (b) P satisfies HMRC or (on an appeal notified to the tribunal) the tribunal that P took reasonable care to avoid inaccuracy.
- (3) In considering whether P took reasonable care to avoid inaccuracy, HMRC and (on an appeal notified to the tribunal) the tribunal must take no account of any evidence of any reliance by P on advice where the advice is disqualified.
- (4) Advice is “disqualified” if any of the following applies—
- (a) the advice was given to P by an interested person;
 - (b) the advice was given to P as a result of arrangements made between an interested person and the person who gave the advice;
 - (c) the person who gave the advice did not have appropriate expertise for giving the advice;
 - (d) the advice took no account of P's individual circumstances;
 - (e) the advice was addressed to, or given to, a person other than P;
- but this is subject to sub-paragraphs (5) and (7).
- (5) Where (but for this sub-paragraph) advice would be disqualified under any of paragraphs (a) to (c) of sub-paragraph (4), the advice is not disqualified under that paragraph if at the relevant time P—
- (a) has taken reasonable steps to find out whether the advice falls within that paragraph, and
 - (b) reasonably believes that it does not.
- (6) In sub-paragraph (4) “an interested person” means—

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- (a) a person, other than P, who participated in the avoidance arrangements or any transaction forming part of them, or
 - (b) a person who for any consideration (whether or not in money) facilitated P's entering into the avoidance arrangements.
- (7) Where (but for this sub-paragraph) advice would be disqualified under paragraph (a) of sub-paragraph (4) because it was given by a person within sub-paragraph (6)(b), the advice is not disqualified under that paragraph if—
- (a) the person giving the advice had appropriate expertise for giving it,
 - (b) the advice took account of P's individual circumstances, and
 - (c) at the time when the question whether the advice is disqualified arises—
 - (i) Condition E in paragraph 3B(5) is met in relation to the avoidance arrangements, but
 - (ii) none of Conditions A to D in paragraph 3B(5) is or has at any time been met in relation to them.
- (8) If the document mentioned in sub-paragraph (1) is given to HMRC by P as a personal representative of a deceased person (“D”)—
- (a) sub-paragraph (4) is to be read as if—
 - (i) the references in paragraphs (a) and (b) to P were to P or D;
 - (ii) the reference in paragraph (d) to P were to D, and
 - (iii) the reference in paragraph (e) to a person other than P were to a person who is neither P nor D,
 - (b) sub-paragraph (6) is to be read as if—
 - (i) the reference in paragraph (a) to P were a reference to the person to whom the advice was given, and
 - (ii) the reference in paragraph (b) to P were to D (or, where P also participated in the avoidance arrangements, P or D), and
 - (c) sub-paragraph (7) is to be read as if the reference in paragraph (b) to P were to D.
- (9) In this paragraph—
- “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);
 - “the relevant time” means the time when the document mentioned in sub-paragraph (1) is given to HMRC;
 - “the tribunal” has the same meaning as in paragraph 17 (see paragraph 17(5A)).
- 3B (1) In paragraph 3A “avoidance arrangements” means, subject to sub-paragraph (3), arrangements which fall within sub-paragraph (2).
- (2) Arrangements fall within this sub-paragraph if, having regard to all the circumstances, it would be reasonable to conclude that the obtaining of a tax advantage was the main purpose, or one of the main purposes, of the arrangements.
- (3) Arrangements are not avoidance arrangements for the purposes of paragraph 3A if (although they fall within sub-paragraph (2))—
- (a) they are arrangements which accord with established practice, and
 - (b) HMRC had, at the time the arrangements were entered into, indicated its acceptance of that practice.

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(4) If, at any time, any of Conditions A to E is met in relation to particular arrangements—

- (a) for the purposes of this Schedule the arrangements are to be taken to fall within (and always to have fallen within) sub-paragraph (2), and
- (b) in relation to the arrangements, sub-paragraph (3) (and the reference to it in sub-paragraph (1)) are to be treated as omitted.

This does not prevent arrangements from falling within sub-paragraph (2) other than by reason of one or more of Conditions A to E being met.

(5) Conditions A to E are as follows—

- (a) Condition A is that the arrangements are DOTAS arrangements within the meaning given by section 219(5) and (6) of FA 2014;
- (b) Condition B is that the arrangements are disclosable VAT arrangements or disclosable indirect tax arrangements for the purposes of Schedule 18 to FA 2016 (see paragraphs 8A to 9A of that Schedule);
- (c) Condition C is that both of the following apply—
 - (i) P has been given a notice under a provision mentioned in sub-paragraph (6) stating that a tax advantage arising from the arrangements is to be counteracted, and
 - (ii) that tax advantage has been counteracted under section 209 of FA 2013;
- (d) Condition D is that a follower notice under section 204 of FA 2014 has been given to P by reference to the arrangements (and not withdrawn) and—
 - (i) the necessary corrective action for the purposes of section 208 of FA 2014 has been taken in respect of the denied advantage, or
 - (ii) the denied advantage has been counteracted otherwise than as mentioned in sub-paragraph (i);
- (e) Condition E is that a tax advantage asserted by reference to the arrangements has been counteracted (by an assessment, an amendment of a return or claim, or otherwise) on the basis that an avoidance-related rule applies in relation to P's affairs.

(6) The provisions referred to in sub-paragraph (5)(c)(i) are—

- (a) paragraph 12 of Schedule 43 to FA 2013 (general anti-abuse rule: notice of final decision);
- (b) paragraph 8 or 9 of Schedule 43A to that Act (pooled or bound arrangements: notice of final decision);
- (c) paragraph 8 of Schedule 43B to that Act (generic referrals: notice of final decision).

(7) In sub-paragraph (5)(d) the reference to giving a follower notice to P includes giving a partnership follower notice in respect of a partnership return in relation to which P is a relevant partner; and for the purposes of this sub-paragraph—

- (a) “relevant partner” has the meaning given by paragraph 2(5) of Schedule 31 to FA 2014;
- (b) a partnership follower notice is given “in respect of” the partnership return mentioned in paragraph 2(2)(a) or (b) of that Schedule.

(8) For the purposes of sub-paragraph (5)(d) it does not matter whether the denied advantage has been dealt with—

Status: Point in time view as at 31/12/2020.

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- (a) wholly as mentioned in one or other of sub-paragraphs (i) and (ii) of sub-paragraph (5)(d), or
- (b) partly as mentioned in one of those sub-paragraphs and partly as mentioned in the other;

and “the denied advantage” has the same meaning as in Chapter 2 of Part 4 of FA 2014 (see section 208(3) of and paragraph 4(3) of Schedule 31 to that Act).

(9) For the purposes of sub-paragraph (5)(e) a tax advantage has been “asserted by reference to” the arrangements if a return, claim or appeal has been made by P on the basis that the tax advantage results from the arrangements.

(10) In this paragraph—

“arrangements” has the same meaning as in paragraph 3A;

“avoidance-related rule” has the same meaning as in Part 4 of Schedule 18 to FA 2016 (see paragraph 25 of that Schedule);

a “tax advantage” includes—

- (a) relief or increased relief from tax,
- (b) repayment or increased repayment of tax,
- (c) avoidance or reduction of a charge to tax or an assessment to tax,
- (d) avoidance of a possible assessment to tax,
- (e) deferral of a payment of tax or advancement of a repayment of tax,
- (f) avoidance of an obligation to deduct or account for tax, and
- (g) in relation to VAT, anything which is a tax advantage for the purposes of Schedule 18 to FA 2016 under paragraph 5 of that Schedule.]

PART 2

AMOUNT OF PENALTY

Standard amount

- [^{F284} (1) This paragraph sets out the penalty payable under paragraph 1.
- (2) If the inaccuracy is in category 1, the penalty is—
- (a) for careless action, 30% of the potential lost revenue,
 - (b) for deliberate but not concealed action, 70% of the potential lost revenue, and
 - (c) for deliberate and concealed action, 100% of the potential lost revenue.
- (3) If the inaccuracy is in category 2, the penalty is—
- (a) for careless action, 45% of the potential lost revenue,
 - (b) for deliberate but not concealed action, 105% of the potential lost revenue, and
 - (c) for deliberate and concealed action, 150% of the potential lost revenue.
- (4) If the inaccuracy is in category 3, the penalty is—
- (a) for careless action, 60% of the potential lost revenue,
 - (b) for deliberate but not concealed action, 140% of the potential lost revenue, and
 - (c) for deliberate and concealed action, 200% of the potential lost revenue.

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(5) Paragraph 4A explains the 3 categories of inaccuracy.

Textual Amendments

F28 Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)

- 4A (1) An inaccuracy is in category 1 if—
- (a) it involves a domestic matter, or
 - (b) it involves an offshore matter and—
 - (i) the territory in question is a category 1 territory, or
 - (ii) the tax at stake is a tax other than income tax or capital gains tax.
- (2) An inaccuracy is in category 2 if—
- (a) it involves an offshore matter [^{F29}or an offshore transfer] ,
 - (b) the territory in question is a category 2 territory, and
 - (c) the tax at stake is income tax [^{F30}, capital gains tax or inheritance tax] .
- (3) An inaccuracy is in category 3 if—
- (a) it involves an offshore matter [^{F31}or an offshore transfer] ,
 - (b) the territory in question is a category 3 territory, and
 - (c) the tax at stake is income tax [^{F32}, capital gains tax or inheritance tax] .
- (4) An inaccuracy “involves an offshore matter” if it results in a potential loss of revenue that is charged on or by reference to—
- (a) income arising from a source in a territory outside the UK,
 - (b) assets situated or held in a territory outside the UK,
 - (c) activities carried on wholly or mainly in a territory outside the UK, or
 - (d) anything having effect as if it were income, assets or activities of a kind described above.
- [^{F33}(4A) Where the tax at stake is inheritance tax, assets are treated for the purposes of subparagraph (4) as situated or held in a territory outside the UK if they are so situated or held immediately after the transfer of value by reason of which inheritance tax becomes chargeable.
- (4B) An inaccuracy “involves an offshore transfer” if—
- (a) it does not involve an offshore matter,
 - (b) it is deliberate (whether or not concealed) and results in a potential loss of revenue,
 - (c) the tax at stake is income tax, capital gains tax or inheritance tax, and
 - (d) the applicable condition in paragraph 4AA is satisfied.]
- (5) An inaccuracy “involves a domestic matter” if it results in a potential loss of revenue [^{F34}and does not involve either an offshore matter or an offshore transfer] .
- (6) If a single inaccuracy is in more than one category (each referred to as a “relevant category”)—

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- (a) it is to be treated for the purposes of this Schedule as if it were separate inaccuracies, one in each relevant category according to the matters [^{F35}or transfers] that it involves, and
 - (b) the potential lost revenue is to be calculated separately in respect of each separate inaccuracy.
- (7) “Category 1 territory”, “category 2 territory” and “category 3 territory” are defined in paragraph 21A.
- (8) “Assets” has the meaning given in section 21(1) of TCGA 1992, but also includes sterling.

Textual Amendments

- F28** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); S.I. 2011/975, art. 2(1) (with art. 3)
- F29** Words in Sch. 24 para. 4A(2)(a) inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\)](#), s. 120(2), [Sch. 20 para. 3\(3\)\(a\)](#); S.I. 2016/456, art. 3(1)
- F30** Words in Sch. 24 para. 4A(2)(c) substituted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\)](#), s. 120(2), [Sch. 20 para. 3\(3\)\(b\)](#); S.I. 2016/456, art. 3(1)
- F31** Words in Sch. 24 para. 4A(3)(a) inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\)](#), s. 120(2), [Sch. 20 para. 3\(4\)\(a\)](#); S.I. 2016/456, art. 3(1)
- F32** Words in Sch. 24 para. 4A(3)(c) substituted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\)](#), s. 120(2), [Sch. 20 para. 3\(4\)\(b\)](#); S.I. 2016/456, art. 3(1)
- F33** Sch. 24 para. 4A(4A)(4B) inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\)](#), s. 120(2), [Sch. 20 para. 3\(5\)](#); S.I. 2016/456, art. 3(1)
- F34** Words in Sch. 24 para. 4A(5) substituted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\)](#), s. 120(2), [Sch. 20 para. 3\(6\)](#); S.I. 2016/456, art. 3(1)
- F35** Words in Sch. 24 para. 4A(6)(a) inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\)](#), s. 120(2), [Sch. 20 para. 3\(7\)](#); S.I. 2016/456, art. 3(1)

[^{F36}4A(1)] This paragraph makes provision in relation to offshore transfers.

- (2) Where the tax at stake is income tax, the applicable condition is satisfied if the income on or by reference to which the tax is charged, or any part of the income—
 - (a) is received in a territory outside the UK, or
 - (b) is transferred before the filing date to a territory outside the UK.
- (3) Where the tax at stake is capital gains tax, the applicable condition is satisfied if the proceeds of the disposal on or by reference to which the tax is charged, or any part of the proceeds—
 - (a) are received in a territory outside the UK, or
 - (b) are transferred before the filing date to a territory outside the UK.
- (4) Where the tax at stake is inheritance tax, the applicable condition is satisfied if—
 - (a) the disposition that gives rise to the transfer of value by reason of which the tax becomes chargeable involves a transfer of assets, and
 - (b) after that disposition but before the filing date the assets, or any part of the assets, are transferred to a territory outside the UK.
- (5) In the case of a transfer falling within sub-paragraph (2)(b), (3)(b) or (4)(b), references to the income, proceeds or assets transferred are to be read as including references to any assets derived from or representing the income, proceeds or assets.

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- (6) In relation to an offshore transfer, the territory in question for the purposes of paragraph 4A is the highest category of territory by virtue of which the inaccuracy involves an offshore transfer.
- (7) “Filing date” means the date when the document containing the inaccuracy is given to HMRC.
- (8) “Assets” has the same meaning as in paragraph 4A.]

Textual Amendments

- F28** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)
- F36** Sch. 24 para. 4AA inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\)](#), s. 120(2), [Sch. 20 para. 4](#); [S.I. 2016/456](#), art. 3(1)

4B The penalty payable under paragraph 1A is 100% of the potential lost revenue.

Textual Amendments

- F28** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)

4C The penalty payable under paragraph 2 is 30% of the potential lost revenue.

Textual Amendments

- F28** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)

4D Paragraphs 5 to 8 define “potential lost revenue”.]

Textual Amendments

- F28** Sch. 24 paras. 4-4D substituted for Sch. 24 para. 4 (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 2](#); [S.I. 2011/975](#), art. 2(1) (with art. 3)

Potential lost revenue: normal rule

- 5 (1) “The potential lost revenue” in respect of an inaccuracy in a document [^{F37}(including an inaccuracy attributable to a supply of false information or withholding of information)] or a failure to notify an under-assessment is the additional amount due or payable in respect of tax as a result of correcting the inaccuracy or assessment.
- (2) The reference in sub-paragraph (1) to the additional amount due or payable includes a reference to—
- (a) an amount payable to HMRC having been erroneously paid by way of repayment of tax, and
 - (b) an amount which would have been repayable by HMRC had the inaccuracy or assessment not been corrected.

Status: Point in time view as at 31/12/2020.

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- (3) In sub-paragraph (1) “tax” includes national insurance contributions.
- (4) The following shall be ignored in calculating potential lost revenue under this paragraph—
 - (a) group relief, and
 - ^{F38}(b) any relief under [^{F39}section 458 of CTA 2010] (relief in respect of repayment etc of loan) which is deferred under [^{F40}subsection (5)] of that section;
(but this sub-paragraph does not prevent a penalty being charged in respect of an inaccurate claim for relief).

Textual Amendments

- F37** Words in Sch. 24 para. 5(1) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 7**; [S.I. 2009/571](#), art. 2
- F38** Sch. 24 para. 5(4)(b) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), **Sch. 57 para. 3**
- F39** Words in Sch. 24 para. 5(4)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 575(a)** (with Sch. 2)
- F40** Words in Sch. 24 para. 5(4)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 575(b)** (with Sch. 2)

Modifications etc. (not altering text)

- C14** Sch. 24 para. 5 applied (3.11.2017) by [The Sections 106B, 106C and 106D of the Taxes Management Act 1970 \(Specified Threshold Amount\) Regulations 2017 \(S.I. 2017/988\)](#), regs. 1, **4(c)**, 8, 9

Commencement Information

- I4** Sch. 24 para. 5 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), **art. 2** (with art. 3)

Potential lost revenue: multiple errors

- 6 (1) Where P is liable to a penalty [^{F41}under paragraph 1] in respect of more than one inaccuracy, and the calculation of potential lost revenue under paragraph 5 in respect of each inaccuracy depends on the order in which they are corrected—
 - (a) careless inaccuracies shall be taken to be corrected before deliberate inaccuracies, and
 - (b) deliberate but not concealed inaccuracies shall be taken to be corrected before deliberate and concealed inaccuracies.
- (2) In calculating potential lost revenue where P is liable to a penalty [^{F42}under paragraph 1] in respect of one or more understatements in one or more documents relating to a tax period, account shall be taken of any overstatement in any document given by P which relates to the same tax period.
- (3) In sub-paragraph (2)—
 - (a) “understatement” means an inaccuracy that satisfies Condition 1 of paragraph 1, and
 - (b) “overstatement” means an inaccuracy that does not satisfy that condition.
- (4) For the purposes of sub-paragraph (2) overstatements shall be set against understatements in the following order—
 - (a) understatements in respect of which P is not liable to a penalty,

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- (b) careless understatements,
- (c) deliberate but not concealed understatements, and
- (d) deliberate and concealed understatements.

- (5) In calculating [^{F43} for the purposes of a penalty under paragraph 1] potential lost revenue in respect of a document given by or on behalf of P no account shall be taken of the fact that a potential loss of revenue from P is or may be balanced by a potential over-payment by another person (except to the extent that an enactment requires or permits a person's tax liability to be adjusted by reference to P's).

Textual Amendments

- F41** Words in Sch. 24 para. 6(1) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 8\(2\); S.I. 2009/571, art. 2](#)
- F42** Words in Sch. 24 para. 6(2) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 8\(2\); S.I. 2009/571, art. 2](#)
- F43** Words in Sch. 24 para. 6(5) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\), Sch. 40 para. 8\(3\); S.I. 2009/571, art. 2](#)

Modifications etc. (not altering text)

- C15** Sch. 24 para. 6 applied (3.11.2017) by [The Sections 106B, 106C and 106D of the Taxes Management Act 1970 \(Specified Threshold Amount\) Regulations 2017 \(S.I. 2017/988\), regs. 1, 4\(c\), 8, 9](#)
- C16** Sch. 24 para. 6 modified (with effect in accordance with Sch. 18 paras. 2-13 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 18 para. 15\(3\)](#)

Commencement Information

- I5** Sch. 24 para. 6 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568, art. 2 \(with art. 3\)](#)

Potential lost revenue: losses

- 7 (1) Where an inaccuracy has the result that a loss is wrongly recorded for purposes of direct tax and the loss has been wholly used to reduce the amount due or payable in respect of tax, the potential lost revenue is calculated in accordance with paragraph 5.
- (2) Where an inaccuracy has the result that a loss is wrongly recorded for purposes of direct tax and the loss has not been wholly used to reduce the amount due or payable in respect of tax, the potential lost revenue is—
- (a) the potential lost revenue calculated in accordance with paragraph 5 in respect of any part of the loss that has been used to reduce the amount due or payable in respect of tax, plus
 - (b) 10% of any part that has not.
- (3) Sub-paragraphs (1) and (2) apply both—
- (a) to a case where no loss would have been recorded but for the inaccuracy, and
 - (b) to a case where a loss of a different amount would have been recorded (but in that case sub-paragraphs (1) and (2) apply only to the difference between the amount recorded and the true amount).
- (4) Where an inaccuracy has the effect of creating or increasing an aggregate loss recorded for a group of companies—

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- (a) the potential lost revenue shall be calculated in accordance with this paragraph, and
 - (b) in applying paragraph 5 in accordance with sub-paragraphs (1) and (2) above, group relief may be taken into account (despite paragraph 5(4)(a)).
- (5) The potential lost revenue in respect of a loss is nil where, because of the nature of the loss or P's circumstances, there is no reasonable prospect of the loss being used to support a claim to reduce a tax liability (of any person).

Modifications etc. (not altering text)

C17 Sch. 24 para. 7 applied (3.11.2017) by [The Sections 106B, 106C and 106D of the Taxes Management Act 1970 \(Specified Threshold Amount\) Regulations 2017 \(S.I. 2017/988\)](#), regs. 1, [4\(c\)](#), 8, 9

Commencement Information

I6 Sch. 24 para. 7 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

Potential lost revenue: delayed tax

- 8 (1) Where an inaccuracy resulted in an amount of tax being declared later than it should have been (“the delayed tax”), the potential lost revenue is—
- (a) 5% of the delayed tax for each year of the delay, or
 - (b) a percentage of the delayed tax, for each separate period of delay of less than a year, equating to 5% per year.
- (2) This paragraph does not apply to a case to which paragraph 7 applies.

Commencement Information

I7 Sch. 24 para. 8 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

Reductions for disclosure

- 9 ^{F44}(A1) Paragraph 10 provides for reductions in penalties—
- (a) under paragraph 1 where a person discloses an inaccuracy that involves a domestic matter,
 - (b) under paragraph 1A where a person discloses a supply of false information or withholding of information, and
 - (c) under paragraph 2 where a person discloses a failure to disclose an under-assessment.
- (A2) Paragraph 10A provides for reductions in penalties under paragraph 1 where a person discloses an inaccuracy that involves an offshore matter or an offshore transfer.
- (A3) Sub-paragraph (1) applies where a person discloses—
- (a) an inaccuracy that involves a domestic matter,
 - (b) a careless inaccuracy that involves an offshore matter,
 - (c) a supply of false information or withholding of information, or
 - (d) a failure to disclose an under-assessment.]

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- (1) A person discloses [^{F45}the matter] by—
- (a) telling HMRC about it,
 - (b) giving HMRC reasonable help in quantifying the inaccuracy [^{F46}, the inaccuracy attributable to the [^{F47}supply of false information] or withholding of information, or the] under-assessment, and
 - (c) allowing HMRC access to records for the purpose of ensuring that the inaccuracy [^{F48}, the inaccuracy attributable to the [^{F49}supply of false information] or withholding of information, or the] under-assessment is fully corrected.
- [^{F50}(1A) Sub-paragraph (1B) applies where a person discloses—
- (a) a deliberate inaccuracy (whether concealed or not) that involves an offshore matter, or
 - (b) an inaccuracy that involves an offshore transfer.
- (1B) A person discloses the inaccuracy by—
- (a) telling HMRC about it,
 - (b) giving HMRC reasonable help in quantifying the inaccuracy,
 - (c) allowing HMRC access to records for the purpose of ensuring that the inaccuracy is fully corrected, and
 - (d) providing HMRC with additional information.
- (1C) The Treasury must make regulations setting out what is meant by “additional information” for the purposes of sub-paragraph (1B)(d).
- (1D) Regulations under sub-paragraph (1C) are to be made by statutory instrument.
- (1E) An instrument containing regulations under sub-paragraph (1C) is subject to annulment in pursuance of a resolution of the House of Commons.]
- (2) Disclosure—
- (a) is “unprompted” if made at a time when the person making it has no reason to believe that HMRC have discovered or are about to discover the inaccuracy [^{F51}, the supply of false information or withholding of information, or the under-assessment], and
 - (b) otherwise, is “prompted”.
- (3) In relation to disclosure “quality” includes timing, nature and extent.
- [^{F52}(4) Paragraph 4A(4) to (5) applies to determine whether an inaccuracy involves an offshore matter, an offshore transfer or a domestic matter for the purposes of this paragraph.]

Textual Amendments

- F44** Sch. 24 paras. 9(A1)-(A3) substituted for Sch. 24 para. 9(A1) (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\), s. 163\(2\)](#), [Sch. 21 para. 2\(2\)](#); [S.I. 2017/259, reg. 2](#)
- F45** Words in Sch. 24 para. 9(1) substituted (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\), s. 163\(2\)](#), [Sch. 21 para. 2\(3\)](#); [S.I. 2017/259, reg. 2](#)
- F46** Words in Sch. 24 para. 9(1)(b) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\)](#), [Sch. 40 para. 9\(3\)\(b\)](#); [S.I. 2009/571, art. 2](#)
- F47** Words in Sch. 24 para. 9(1)(b) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\), Sch. 57 para. 4](#)

Status: Point in time view as at 31/12/2020.

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- F48** Words in Sch. 24 para. 9(1)(c) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 9\(3\)\(b\)](#); [S.I. 2009/571](#), art. 2
- F49** Words in Sch. 24 para. 9(1)(c) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 57 para. 4](#)
- F50** Sch. 24 para. 9(1A)-(1E) inserted (8.3.2017 for specified purposes and 1.4.2017 in so far as not already in force and with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), [Sch. 21 para. 2\(4\)](#); [S.I. 2017/259](#), regs. 2, 3
- F51** Words in Sch. 24 para. 9(2)(a) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 9\(4\)](#); [S.I. 2009/571](#), art. 2
- F52** Sch. 24 para. 9(4) inserted (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), [Sch. 21 para. 2\(5\)](#); [S.I. 2017/259](#), reg. 2

Modifications etc. (not altering text)

- C18** Sch. 24 para. 9 modified by 1994 c. 23, Sch. 3BA para. 34 (as inserted (with effect in accordance with Sch. 22 paras. 23, 24 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 22 para. 1](#))

Commencement Information

- I8** Sch. 24 para. 9 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

- [^{F53}10 (1) If a person who would otherwise be liable to a penalty of a percentage shown in column 1 of the Table (a “standard percentage”) has made a disclosure, HMRC must reduce the standard percentage to one that reflects the quality of the disclosure.
- (2) But the standard percentage may not be reduced to a percentage that is below the minimum shown for it—
- (a) in the case of a prompted disclosure, in column 2 of the Table, and
- (b) in the case of an unprompted disclosure, in column 3 of the Table.

<i>[^{F54}Standard %</i>	<i>Minimum % for prompted disclosure</i>	<i>Minimum % for unprompted disclosure</i>
30%	15%	0%
70%	35%	20%
100%	50%	30%]]

Textual Amendments

- F53** Sch. 24 para. 10 substituted (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 3](#); [S.I. 2011/975](#), art. 2(1) (with [art. 3](#))
- F54** Sch. 24 para. 10(2) Table substituted (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), [Sch. 21 para. 3](#); [S.I. 2017/259](#), reg. 2

- [^{F55}10A(1) If a person who would otherwise be liable to a penalty of a percentage shown in column 1 of the Table (a “standard percentage”) has made a disclosure, HMRC must reduce the standard percentage to one that reflects the quality of the disclosure.
- (2) But the standard percentage may not be reduced to a percentage that is below the minimum shown for it—
- (a) in the case of a prompted disclosure, in column 2 of the Table, and
- (b) in the case of an unprompted disclosure, in column 3 of the Table.

Status: Point in time view as at 31/12/2020.

Changes to legislation: Finance Act 2007, SCHEDULE 24 is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

<i>Standard %</i>	<i>Minimum % for prompted disclosure</i>	<i>Minimum % for unprompted disclosure</i>
30%	15%	0%
37.5%	18.75%	0%
45%	22.5%	0%
60%	30%	0%
70%	45%	30%
87.5%	53.75%	35%
100%	60%	40%
105%	62.5%	40%
125%	72.5%	50%
140%	80%	50%
150%	85%	55%
200%	110%	70%]

Textual Amendments

F55 Sch. 24 para. 10A inserted (with effect in accordance with reg. 2 of the commencing S.I.) by [Finance Act 2016 \(c. 24\)](#), s. 163(2), [Sch. 21 para. 4](#); S.I. 2017/259, reg. 2

Special reduction

- 11 (1) If they think it right because of special circumstances, HMRC may reduce a penalty under paragraph 1^{F56}, 1A] or 2.
- (2) In sub-paragraph (1) “special circumstances” does not include—
- ability to pay, or
 - the fact that a potential loss of revenue from one taxpayer is balanced by a potential over-payment by another.
- (3) In sub-paragraph (1) the reference to reducing a penalty includes a reference to—
- staying a penalty, and
 - agreeing a compromise in relation to proceedings for a penalty.

Textual Amendments

F56 Word in Sch. 24 para. 11(1) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 10](#); S.I. 2009/571, art. 2

Commencement Information

I9 Sch. 24 para. 11 in force at 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

Status: Point in time view as at 31/12/2020.

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Interaction with other penalties [^{F57} and late payment surcharges]

Textual Amendments

F57 Words in Sch. 24 para. 12 cross-heading inserted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\)](#), [Sch. 40 para. 11\(4\)](#); S.I. 2009/571, art. 2

- 12 (1) The final entry in the Table in paragraph 1 excludes a document in respect of which a penalty is payable under section 98 of TMA 1970 (special returns).
- (2) The amount of a penalty for which P is liable under paragraph 1 or 2 in respect of a document relating to a tax period shall be reduced by the amount of any other penalty [^{F58} incurred by P, or any surcharge for late payment of tax imposed on P, if the amount of the penalty or surcharge is determined by reference to the same tax liability.]
- [^{F59}(2A) In sub-paragraph (2) “any other penalty” does not include a penalty under Part 4 of FA 2014 (penalty where corrective action not taken after follower notice etc) [^{F60} or Schedule 22 to FA 2016 (asset-based penalty)].]
- (3) In the application of section 97A of TMA 1970 (multiple penalties) no account shall be taken of a penalty under paragraph 1 or 2.
- [^{F61}(4) Where penalties are imposed under paragraphs 1 and 1A in respect of the same inaccuracy, the aggregate of the amounts of the penalties must not exceed the relevant percentage of the potential lost revenue.
- (5) The relevant percentage is—
- if the penalty imposed under paragraph 1 is for an inaccuracy in category 1, 100%,
 - if the penalty imposed under paragraph 1 is for an inaccuracy in category 2, 150%, and
 - if the penalty imposed under paragraph 1 is for an inaccuracy in category 3, 200%.]

Textual Amendments

F58 Words in Sch. 24 para. 12(2) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\)](#), [Sch. 40 para. 11\(2\)](#); S.I. 2009/571, art. 2

F59 Sch. 24 para. 12(2A) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), Sch. 33 para. 3](#)

F60 Words in Sch. 24 para. 12(2A) inserted (with effect in accordance with reg. 2(b) of the commencing S.I.) by [Finance Act 2016 \(c. 24\), s. 165\(2\)](#), [Sch. 22 para. 20\(3\)](#); S.I. 2017/277, reg. 2(b)

F61 Sch. 24 para. 12(4)(5) substituted for Sch. 24 para. 12(4) (6.4.2011) by [Finance Act 2010 \(c. 13\), s. 35\(2\)](#), [Sch. 10 para. 4](#); S.I. 2011/975, art. 2(1) (with art. 3)

Commencement Information

I10 Sch. 24 para. 12 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568, art. 2](#) (with art. 3)

Status: Point in time view as at 31/12/2020.

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PART 3

PROCEDURE

Assessment

- 13 (1) [^{F62}Where a person] becomes liable for a penalty under paragraph 1 [^{F63}, 1A] or 2 HMRC shall—
- (a) assess the penalty,
 - (b) [^{F64}notify the person], and
 - (c) state in the notice a tax period in respect of which the penalty is assessed [^{F65}(subject to sub-paragraph (1ZB))].
- [^{F66}(1ZA) Sub-paragraph (1ZB) applies where—
- (a) a person is at any time liable for two or more penalties relating to PAYE returns, or for two or more penalties relating to CIS returns, [^{F67} or for two or more penalties relating to apprenticeship levy returns,] and
 - (b) the penalties (“the relevant penalties”) are assessed in respect of more than one tax period (“the relevant tax periods”).
- (1ZB) A notice under sub-paragraph (1) in respect of any of the relevant penalties may, instead of stating the tax period in respect of which the penalty is assessed, state the tax year or the part of a tax year to which the penalty relates.
- (1ZC) For that purpose, a relevant penalty relates to the tax year or the part of a tax year in which the relevant tax periods fall.
- (1ZD) For the purposes of sub-paragraph (1ZA)—
- “a PAYE return” means a return for the purposes of PAYE regulations;
- “a CIS return” means a return for the purposes of regulations under section 70(1)(a) of FA 2004 in connection with deductions on account of tax under the Construction Industry Scheme.]
- [^{F68}“an apprenticeship levy return” means a return under regulations under section 105 of FA 2016;]
- [^{F69}(1A) A penalty under paragraph 1, 1A or 2 must be paid before the end of the period of 30 days beginning with the day on which notification of the penalty is issued.]
- (2) An assessment—
- (a) shall be treated for procedural purposes in the same way as an assessment to tax (except in respect of a matter expressly provided for by this Act),
 - (b) may be enforced as if it were an assessment to tax, and
 - (c) may be combined with an assessment to tax.
- (3) An assessment of a penalty under paragraph 1 [^{F70} or 1A] must be made [^{F71}before the end of the] period of 12 months beginning with—
- (a) the end of the appeal period for the decision correcting the inaccuracy, or
 - (b) if there is no assessment [^{F72}to the tax concerned] within paragraph (a), the date on which the inaccuracy is corrected.
- (4) An assessment of a penalty under paragraph 2 must be made [^{F73}before the end of the period of 12 months beginning with—

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- (a) the end of the appeal period for the assessment of tax which corrected the understatement, or
 - (b) if there is no assessment within paragraph (a), the date on which the understatement is corrected.]
- (5) For the purpose of sub-paragraphs (3) and (4) a reference to an appeal period is a reference to the period during which—
- (a) an appeal could be brought, or
 - (b) an appeal that has been brought has not been determined or withdrawn.
- (6) Subject to sub-paragraphs (3) and (4), a supplementary assessment may be made in respect of a penalty if an earlier assessment operated by reference to an underestimate of potential lost revenue.
- [^{F74}(7) In this Part of this Schedule references to an assessment to tax, in relation to inheritance tax and stamp duty reserve tax, are to a determination.]

Textual Amendments

- F62** Words in Sch. 24 para. 13(1) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 12(2)(a)**; S.I. 2009/571, art. 2
- F63** Word in Sch. 24 para. 13(1) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 12(2)(b)**; S.I. 2009/571, art. 2
- F64** Words in Sch. 24 para. 13(1) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 12(2)(c)**; S.I. 2009/571, art. 2
- F65** Words in Sch. 24 para. 13(1)(c) inserted (with effect in accordance with Sch. 50 para. 16(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 50 para. 1(2)**
- F66** Sch. 24 para. 13(1ZA)-(1ZD) inserted (with effect in accordance with Sch. 50 para. 16(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 50 para. 1(3)**
- F67** Words in Sch. 24 para. 13(1ZA) inserted (6.4.2017) by [Finance Act 2016 \(c. 24\)](#), s. 113(3)(a)(16) (with s. 117); S.I. 2017/355, reg. 2
- F68** Words in Sch. 24 para. 13(1ZD) inserted (6.4.2017) by [Finance Act 2016 \(c. 24\)](#), s. 113(3)(b)(16) (with s. 117); S.I. 2017/355, reg. 2
- F69** Sch. 24 para. 13(1A) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 12(3)**; S.I. 2009/571, art. 2
- F70** Words in Sch. 24 para. 13(3) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 12(4)(a)**; S.I. 2009/571, art. 2
- F71** Words in Sch. 24 para. 13(3) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 12(4)(b)**; S.I. 2009/571, art. 2
- F72** Words in Sch. 24 para. 13(3) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 12(4)(c)**; S.I. 2009/571, art. 2
- F73** Words in Sch. 24 para. 13(4) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 12(5)**; S.I. 2009/571, art. 2
- F74** Sch. 24 para. 13(7) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), **Sch. 57 para. 5**

Commencement Information

- I11** Sch. 24 para. 13 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by S.I. 2008/568, art. 2 (with art. 3)

Status: Point in time view as at 31/12/2020.

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Suspension

- 14 (1) HMRC may suspend all or part of a penalty for a careless inaccuracy under paragraph 1 by notice in writing to P.
- (2) A notice must specify—
- (a) what part of the penalty is to be suspended,
 - (b) a period of suspension not exceeding two years, and
 - (c) conditions of suspension to be complied with by P.
- (3) HMRC may suspend all or part of a penalty only if compliance with a condition of suspension would help P to avoid becoming liable to further penalties under paragraph 1 for careless inaccuracy.
- (4) A condition of suspension may specify—
- (a) action to be taken, and
 - (b) a period within which it must be taken.
- (5) On the expiry of the period of suspension—
- (a) if P satisfies HMRC that the conditions of suspension have been complied with, the suspended penalty or part is cancelled, and
 - (b) otherwise, the suspended penalty or part becomes payable.
- (6) If, during the period of suspension of all or part of a penalty under paragraph 1, P becomes liable for another penalty under that paragraph, the suspended penalty or part becomes payable.

Commencement Information

I12 Sch. 24 para. 14 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

Appeal

- 15 (1) [^{F75}A person may] appeal against a decision of HMRC that a penalty is payable [^{F76}by the person].
- (2) [^{F75}A person may] appeal against a decision of HMRC as to the amount of a penalty payable [^{F76}by the person].
- (3) [^{F75}A person may] appeal against a decision of HMRC not to suspend a penalty payable [^{F76}by the person].
- (4) [^{F75}A person may] appeal against a decision of HMRC setting conditions of suspension of a penalty payable [^{F76}by the person].

Textual Amendments

F75 Words in Sch. 24 para. 15 substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 13\(a\)](#); [S.I. 2009/571](#), [art. 2](#)

F76 Words in Sch. 24 para. 15 substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 13\(b\)](#); [S.I. 2009/571](#), [art. 2](#)

Status: Point in time view as at 31/12/2020.

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Commencement Information

I13 Sch. 24 para. 15 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

[^{F77}16 (1) An appeal under this Part of this Schedule shall be treated in the same way as an appeal against an assessment to the tax concerned (including by the application of any provision about bringing the appeal by notice to HMRC, about HMRC review of the decision or about determination of the appeal by the First-tier Tribunal or Upper Tribunal).

(2) [^{F78}Sub-paragraph (1) does not apply—

- (a) so as to require P to pay a penalty before an appeal against the assessment of the penalty is determined, or
- (b) in respect of any other matter expressly provided for by this Act.]]

Textual Amendments

F77 Sch. 24 para. 16 substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), [art. 1\(2\)](#), [Sch. 1 para. 466](#)

F78 Sch. 24 para. 16(2) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 57 para. 6](#)

17 (1) On an appeal under paragraph 15(1) the ^{F79}... tribunal may affirm or cancel HMRC's decision.

(2) On an appeal under paragraph 15(2) the ^{F80}... tribunal may—

- (a) affirm HMRC's decision, or
- (b) substitute for HMRC's decision another decision that HMRC had power to make.

(3) If the ^{F81}... tribunal substitutes its decision for HMRC's, the ^{F81}... tribunal may rely on paragraph 11—

- (a) to the same extent as HMRC (which may mean applying the same percentage reduction as HMRC to a different starting point), or
- (b) to a different extent, but only if the ^{F81}... tribunal thinks that HMRC's decision in respect of the application of paragraph 11 was flawed.

(4) On an appeal under paragraph 15(3)—

- (a) the ^{F82}... tribunal may order HMRC to suspend the penalty only if it thinks that HMRC's decision not to suspend was flawed, and
- (b) if the ^{F83}... tribunal orders HMRC to suspend the penalty—
 - (i) P may appeal ^{F84}... against a provision of the notice of suspension, and
 - (ii) the ^{F85}... tribunal may order HMRC to amend the notice.

(5) On an appeal under paragraph 15(4) the ^{F86}... tribunal—

- (a) may affirm the conditions of suspension, or
- (b) may vary the conditions of suspension, but only if the ^{F86}... tribunal thinks that HMRC's decision in respect of the conditions was flawed.

Status: Point in time view as at 31/12/2020.

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[^{F87}(5A) In this paragraph “tribunal” means the First-tier Tribunal or Upper Tribunal (as appropriate by virtue of paragraph 16(1)).]

- (6) In sub-paragraphs (3)(b), (4)(a) and (5)(b) “flawed” means flawed when considered in the light of the principles applicable in proceedings for judicial review.
- (7) Paragraph 14 (see in particular paragraph 14(3)) is subject to the possibility of an order under this paragraph.

Textual Amendments

- F79** Word in Sch. 24 para. 17(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 467(2)**
- F80** Word in Sch. 24 para. 17(2) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 467(2)**
- F81** Word in Sch. 24 para. 17(3) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 467(2)**
- F82** Word in Sch. 24 para. 17(4)(a) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 467(3)(a)**
- F83** Word in Sch. 24 para. 17(4)(b) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 467(3)(b)(i)**
- F84** Words in Sch. 24 para. 17(4)(b)(i) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 467(3)(b)(ii)**
- F85** Word in Sch. 24 para. 17(4)(b)(ii) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 467(3)(b)(iii)**
- F86** Word in Sch. 24 para. 17(5) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 467(4)**
- F87** Sch. 24 para. 17(5A) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 467(5)**

Commencement Information

- I14** Sch. 24 para. 17 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), **art. 2** (with **art. 3**)

PART 4

MISCELLANEOUS

Agency

- 18 (1) P is liable under paragraph 1(1)(a) where a document which contains a careless inaccuracy (within the meaning of paragraph 3) is given to HMRC on P's behalf.
- (2) In paragraph 2(1)(b) and (2)(a) a reference to P includes a reference to a person who acts on P's behalf in relation to tax.
- (3) Despite sub-paragraphs (1) and (2), P is not liable to a penalty [^{F88}under paragraph 1 or 2] in respect of anything done or omitted by P's agent where P satisfies HMRC that P took reasonable care to avoid inaccuracy (in relation to paragraph 1) or unreasonable failure (in relation to paragraph 2).

Status: Point in time view as at 31/12/2020.

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- (4) In paragraph 3(1)(a) (whether in its application to a document given by P or, by virtue of sub-paragraph (1) above, in its application to a document given on P's behalf) a reference to P includes a reference to a person who acts on P's behalf in relation to tax.
- (5) In paragraph 3(2) a reference to P includes a reference to a person who acts on P's behalf in relation to tax.
- [^{F89}(6) Paragraph 3A applies where a document is given to HMRC on behalf of P as it applies where a document is given to HMRC by P (and in paragraph 3B(9) the reference to P includes a person acting on behalf of P).]

Textual Amendments

- F88** Words in Sch. 24 para. 18(3) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 15](#); [S.I. 2009/571](#), art. 2
- F89** [Sch. 24 para. 18\(6\)](#) inserted (with effect in accordance with s. 64(5)(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. 64(3)

Commencement Information

- I15** Sch. 24 para. 18 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

Companies: officers' liability

- 19 (1) Where a penalty under paragraph 1 is payable by a company for a deliberate inaccuracy which was attributable to an officer [^{F90}of the company, the officer is liable to pay such portion of the penalty (which may be 100%) as HMRC] may specify by written notice to the officer.
- (2) Sub-paragraph (1) does not allow HMRC to recover more than 100% of a penalty.
- (3) In the application of sub-paragraph (1) to a body corporate [^{F91}other than a limited liability partnership] “officer” means—
- (a) a director (including a shadow director within the meaning of section 251 of the Companies Act 2006 (c. 46)), ^{F92}...
- [^{F93}(aa) a manager, and]
- (b) a secretary.
- [^{F94}(3A) In the application of sub-paragraph (1) to a limited liability partnership, “officer” means a member.]
- (4) In the application of sub-paragraph (1) in any other case “officer” means—
- (a) a director,
- (b) a manager,
- (c) a secretary, and
- (d) any other person managing or purporting to manage any of the company's affairs.
- [^{F95}(5) Where HMRC have specified a portion of a penalty in a notice given to an officer under sub-paragraph (1)—
- (a) paragraph 11 applies to the specified portion as to a penalty,

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- (b) the officer must pay the specified portion before the end of the period of 30 days beginning with the day on which the notice is given,
- (c) paragraph 13(2), (3) and (5) apply as if the notice were an assessment of a penalty,
- (d) a further notice may be given in respect of a portion of any additional amount assessed in a supplementary assessment in respect of the penalty under paragraph 13(6),
- (e) paragraphs 15(1) and (2), 16 and 17(1) to (3) and (6) apply as if HMRC had decided that a penalty of the amount of the specified portion is payable by the officer, and
- (f) paragraph 21 applies as if the officer were liable to a penalty.]

[^{F96}(6) In this paragraph “company” means any body corporate or unincorporated association, but does not include a partnership, a local authority or a local authority association.]

Textual Amendments

- F90** Words in Sch. 24 para. 19(1) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 16\(2\)](#); [S.I. 2009/571](#), [art. 2](#)
- F91** Words in Sch. 24 para. 19(3) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 57 para. 7\(2\)\(a\)](#)
- F92** Word in Sch. 24 para. 19(3)(a) omitted (21.7.2009) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 57 para. 7\(2\)\(b\)](#)
- F93** Sch. 24 para. 19(3)(aa) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 57 para. 7\(2\)\(c\)](#)
- F94** Sch. 24 para. 19(3A) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 57 para. 7\(3\)](#)
- F95** Sch. 24 para. 19(5) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 16\(3\)](#); [S.I. 2009/571](#), [art. 2](#)
- F96** Sch. 24 para. 19(6) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 57 para. 7\(4\)](#)

Commencement Information

- I16** Sch. 24 para. 19 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

Partnerships

- 20 (1) This paragraph applies where P is liable to a penalty under paragraph 1 for an inaccuracy in or in connection with a partnership return.
- (2) Where the inaccuracy affects the amount of tax due or payable by a partner of P, the partner is also liable to a penalty (“a partner's penalty”).
- (3) Paragraphs 4 to 13 and 19 shall apply in relation to a partner's penalty (for which purpose a reference to P shall be taken as a reference to the partner).
- (4) Potential lost revenue shall be calculated separately for the purpose of P's penalty and any partner's penalty, by reference to the proportions of any tax liability that would be borne by each partner.
- (5) Paragraph 14 shall apply jointly to P's penalty and any partner's penalties.
- (6) P may bring an appeal under paragraph 15 in respect of a partner's penalty (in addition to any appeal that P may bring in connection with the penalty for which P is liable).

Status: Point in time view as at 31/12/2020.

Changes to legislation: Finance Act 2007, SCHEDULE 24 is up to date with all changes known to be in force on or before 24 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Commencement Information

- I17** Sch. 24 para. 20 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

Double jeopardy

- 21 [^{F97}A person is] not liable to a penalty under paragraph 1 [^{F98}, 1A] or 2 in respect of an inaccuracy or failure in respect of which [^{F99}the person has] been convicted of an offence.

Textual Amendments

- F97** Words in Sch. 24 para. 21 substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 17\(a\)](#); [S.I. 2009/571](#), [art. 2](#)
- F98** Word in Sch. 24 para. 21 inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 17\(b\)](#); [S.I. 2009/571](#), [art. 2](#)
- F99** Words in Sch. 24 para. 21 substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 17\(c\)](#); [S.I. 2009/571](#), [art. 2](#)

Commencement Information

- I18** Sch. 24 para. 21 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

- [^{F100}21(1A) A person is not liable to a penalty under paragraph 1 in respect of an inaccuracy if—
- (a) the inaccuracy involves a claim by the person to exercise or rely on a VAT right (in relation to a supply) that has been denied or refused by HMRC as mentioned in subsection (4) of section 69C of VATA 1994, and
 - (b) the person has been assessed to a penalty under that section (and the assessment has not been successfully appealed against or withdrawn).
- (2) In sub-paragraph (1)(a) “VAT right” has the same meaning as in section 69C of VATA 1994.]

Textual Amendments

- F100** Sch. 24 para. 21ZA inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. 68(6)

PART 5

GENERAL

[^{F101}Classification of territories

Textual Amendments

- F101** Sch. 24 paras. 21A, 21B and cross-headings inserted (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 5](#); [S.I. 2011/975](#), [art. 2\(1\)](#) (with [art. 3](#))

Status: Point in time view as at 31/12/2020.

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- 21A (1) A category 1 territory is a territory designated as a category 1 territory by order made by the Treasury.
- (2) A category 2 territory is a territory that is neither—
- (a) a category 1 territory, nor
 - (b) a category 3 territory.
- (3) A category 3 territory is a territory designated as a category 3 territory by order made by the Treasury.
- (4) In considering how to classify a territory for the purposes of this paragraph, the Treasury must have regard to—
- (a) the existence of any arrangements between the UK and that territory for the exchange of information for tax enforcement purposes,
 - (b) the quality of any such arrangements (in particular, whether they provide for information to be exchanged automatically or on request),^{F102} ...
 - (c) the benefit that the UK would be likely to obtain from receiving information from that territory, were such arrangements to exist with it.
 - [^{F103}(d) the existence of any other arrangements between the UK and that territory for co-operation in the area of taxation, and
 - (e) the quality of any such other arrangements (in particular, the extent to which the co-operation provided for in them assists or is likely to assist in the protection of revenue raised from taxation in the UK).]
- (5) An order under this paragraph is to be made by statutory instrument.
- (6) Subject to sub-paragraph (7), an instrument containing an order under this paragraph is subject to annulment in pursuance of a resolution of the House of Commons.
- (7) If the order is—
- (a) the first order to be made under sub-paragraph (1), or
 - (b) the first order to be made under sub-paragraph (3),
- it may not be made unless a draft of the instrument containing it has been laid before, and approved by a resolution of, the House of Commons.
- (8) An order under this paragraph does not apply to inaccuracies in a document given to HMRC (or, in a case within paragraph 3(2), inaccuracies discovered by P) before the date on which the order comes into force.

Textual Amendments

F102 Word in Sch. 24 para. 21A(4)(b) omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\), s. 219\(a\)](#)

F103 Sch. 24 para. 21A(4)(d)(e) inserted (17.7.2012) by [Finance Act 2012 \(c. 14\), s. 219\(b\)](#)

Location of assets etc

- 21B (1) The Treasury may by regulations make provision for determining for the purposes of paragraph 4A where—
- (a) a source of income is located,
 - (b) an asset is situated or held, or
 - (c) activities are wholly or mainly carried on.

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- [The Treasury may by regulations make provision for determining for the purposes ^{F104}(1A) of paragraph 4AA where—
- (a) income is received or transferred,
 - (b) the proceeds of a disposal are received or transferred, or
 - (c) assets are transferred.]
- (2) Different provision may be made for different cases and for income tax [^{F105}, capital gains tax and inheritance tax] .
- (3) Regulations under this paragraph are to be made by statutory instrument.
- (4) An instrument containing regulations under this paragraph is subject to annulment in pursuance of a resolution of the House of Commons.]

Textual Amendments

F104 Sch. 24 para. 21B(1A) inserted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\), s. 120\(2\)](#), **Sch. 20 para. 8(2)**; S.I. 2016/456, art. 3(1)

F105 Words in Sch. 24 para. 21B(2) substituted (with effect in accordance with art. 3(2) of the commencing S.I.) by [Finance Act 2015 \(c. 11\), s. 120\(2\)](#), **Sch. 20 para. 8(3)**; S.I. 2016/456, art. 3(1)

[^{F106}Treatment of certain payments on account of tax

Textual Amendments

F106 Sch. 24 para. 21C and cross-heading inserted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), **Sch. 7 para. 56(3)**

- 21C In paragraphs 1(2) and 5 references to “tax” are to be interpreted as if amounts payable under [^{F107}Schedule 2 to FA 2019][^{F108}and amounts payable on account of apprenticeship levy] were tax.]

Textual Amendments

F107 Words in [Sch. 24 para. 21C](#) substituted (with effect in accordance with Sch. 2 para. 32(1) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **Sch. 2 para. 27(3)**

F108 Words in Sch. 24 para. 21C inserted (6.4.2017) by [Finance Act 2016 \(c. 24\), s. 113\(4\)\(16\)](#) (with s. 117); S.I. 2017/355, reg. 2

Interpretation

- 22 Paragraphs 23 to [^{F109}27] apply for the construction of this Schedule.

Textual Amendments

F109 Word in Sch. 24 para. 22 substituted (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 122\(2\)](#), **Sch. 40 para. 18**; S.I. 2009/571, art. 2

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Commencement Information

I19 Sch. 24 para. 22 in force at 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

23 HMRC means Her Majesty's Revenue and Customs.

Commencement Information

I20 Sch. 24 para. 23 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

[^{F110}23A “Tax”, without more, includes duty.]

Textual Amendments

F110 Sch. 24 para. 23A inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 19](#); [S.I. 2009/571](#), [art. 2](#)

[^{F111}23B “UK” means the United Kingdom, including the territorial sea of the United Kingdom.]

Textual Amendments

F111 Sch. 24 para. 23B inserted (6.4.2011) by [Finance Act 2010 \(c. 13\)](#), s. 35(2), [Sch. 10 para. 6](#); [S.I. 2011/975](#), [art. 2\(1\)](#) (with [art. 3](#))

24 An expression used in relation to income tax has the same meaning as in the Income Tax Acts.

Commencement Information

I21 Sch. 24 para. 24 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

25 An expression used in relation to corporation tax has the same meaning as in the Corporation Tax Acts.

Commencement Information

I22 Sch. 24 para. 25 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

26 An expression used in relation to capital gains tax has the same meaning as in the enactments relating to that tax.

Commencement Information

I23 Sch. 24 para. 26 in force at 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

27 An expression used in relation to VAT has the same meaning as in VATA 1994.

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Commencement Information

I24 Sch. 24 para. 27 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

28 In this Schedule—

- (a) a reference to corporation tax includes a reference to tax or duty which by virtue of an enactment is assessable or chargeable as if it were corporation tax,
- (b) a reference to tax includes a reference to construction industry deductions under Chapter 3 of Part 3 of FA 2004,
- (c) “direct tax” means—
 - (i) income tax,
 - (ii) capital gains tax, ^{F112} ...
 - (iii) corporation tax, [^{F113} and
 - (iv) petroleum revenue tax,]
- (d) a reference to understating liability to VAT includes a reference to overstating entitlement to a VAT credit,
- ^{F114}(da)
- (e) a reference to a loss includes a reference to a charge, expense, deficit and any other amount which may be available for, or relied on to claim, a deduction or relief,
- (f) a reference to repayment of tax includes a reference to allowing a credit [^{F115} against tax or to a payment of a corporation tax credit],
- ^{F116}(fa) “corporation tax credit” means—
 - (i) an R&D tax credit under [^{F117} Chapter 2 or 7 of Part 13 of CTA 2009],
[an R&D expenditure credit under Chapter 6A of Part 3 of CTA ^{F118}(ia) 2009,]
 - (ii) a land remediation tax credit or life assurance company tax credit under [^{F119} Chapter 3 or 4 respectively of Part 14 of CTA 2009],
 - ^{F120}(iii)
 - (iv) a film tax credit under [^{F121} Chapter 3 of Part 15 of CTA 2009], ^{F122} ...
[a television tax credit under Chapter 3 of Part 15A of that Act, ^{F123}(iva)
 - (ivb) a video game tax credit under Chapter 3 of Part 15B of that Act, ^{F124} ...]
 - [a theatre tax credit under section 1217K of that Act, ^{F126} ...] ^{F125}(ivc)
 - [an orchestra tax credit under Chapter 3 of Part 15D of that Act, ^{F127}(ivd) ^{F128} ...]
 - [a museums and galleries exhibition tax credit under Chapter 3 of ^{F129}(ive) Part 15E of that Act, or]
 - (v) a first-year tax credit under Schedule A1 to CAA 2001,]
- (g) “tax period” means a tax year, accounting period or other period in respect of which tax is charged,

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- (h) a reference to giving a document to HMRC includes a reference to communicating information to HMRC in any form and by any method (whether by post, fax, email, telephone or otherwise),
- (i) a reference to giving a document to HMRC includes a reference to making a statement or declaration in a document,
- (j) a reference to making a return or doing anything in relation to a return includes a reference to amending a return or doing anything in relation to an amended return, and
- (k) a reference to action includes a reference to omission.

Textual Amendments

- F112** Word in Sch. 24 para. 28(c) omitted (1.4.2009) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 20(2)**; S.I. 2009/571, art. 2
- F113** Sch. 24 para. 28(c)(iv) and preceding word inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 20(2)**; S.I. 2009/571, art. 2
- F114** Sch. 24 para. 28(da) omitted (21.7.2009) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 57 para. 8**
- F115** Words in Sch. 24 para. 28(f) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 20(4)**; S.I. 2009/571, art. 2
- F116** Sch. 24 para. 28(fa) inserted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 20(5)**; S.I. 2009/571, art. 2
- F117** Words in Sch. 24 para. 28(fa)(i) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 727(a)** (with Sch. 2 Pts. 1, 2)
- F118** Sch. 24 para. 28(fa)(ia) inserted (with effect in accordance with Sch. 15 para. 27 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 15 para. 8**
- F119** Words in Sch. 24 para. 28(fa)(ii) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 727(b)** (with Sch. 2 Pts. 1, 2)
- F120** Sch. 24 para. 28(fa)(iii) omitted (with effect in accordance with s. 1329(1) of the amending Act) by virtue of [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 727(c)** (with Sch. 2 Pts. 1, 2)
- F121** Words in Sch. 24 para. 28(fa)(iv) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 727(d)** (with Sch. 2 Pts. 1, 2)
- F122** Word in Sch. 24 para. 28(fa)(iv) omitted (with effect in accordance with Sch. 18 para. 23 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 18 paras. 7, 22**; S.I. 2013/1817, art. 2(2); S.I. 2014/1962, art. 2(3)
- F123** Sch. 24 para. 28(fa)(iva)(ivb) inserted (with effect in accordance with Sch. 18 para. 23 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 18 paras. 7, 22**; S.I. 2013/1817, art. 2(2); S.I. 2014/1962, art. 2(3)
- F124** Word in Sch. 24 para. 28(fa)(ivb) omitted (with effect in accordance with Sch. 4 para. 17 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), **Sch. 4 paras. 8, 16**; S.I. 2014/2228, art. 2
- F125** Sch. 24 para. 28(fa)(ivc) inserted (with effect in accordance with Sch. 4 para. 17 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 4 paras. 8, 16**; S.I. 2014/2228, art. 2
- F126** Word in Sch. 24 para. 28(fa)(ivc) omitted (with effect in accordance with Sch. 8 para. 17(1)(a) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), **Sch. 8 para. 8**
- F127** Sch. 24 para. 28(fa)(ivd) inserted (with effect in accordance with Sch. 8 para. 17(1)(a) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 8 para. 8**
- F128** Word in Sch. 24 para. 28(fa)(ivd) omitted (for specified purposes and with effect in accordance with Sch. 6 paras. 20, 21(1)(b) of the amending Act) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 6 para. 8**
- F129** **Sch. 24 para. 28(fa)(ive)** inserted (for specified purposes and with effect in accordance with Sch. 6 paras. 20, 21(1)(b) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 6 para. 8**

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Commencement Information

- I25** Sch. 24 para. 28 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

Consequential amendments

- 29 The following provisions are omitted—
- (a) sections 95, 95A, 97 and 98A(4) of TMA 1970 (incorrect returns and accounts),
 - (b) sections 100A(1) and 103(2) of TMA 1970 (deceased persons),
 - (c) in Schedule 18 to FA 1998 (company tax returns), paragraphs 20 and 89 (company tax returns), and
 - (d) sections 60, 61, 63 and 64 of VATA 1994 (evasion).

Commencement Information

- I26** Sch. 24 para. 29 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [arts. 3, 4](#))

- 30 In [^{F130}paragraphs 7 and 7B] of Schedule 1 to the Social Security Contributions and Benefits Act 1992 (c. 4) (penalties) a reference to a provision of TMA 1970 shall be construed as a reference to this Schedule so far as is necessary to preserve its effect.

Textual Amendments

- F130** Words in Sch. 24 para. 30 substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 57 para. 9](#)

Commencement Information

- I27** Sch. 24 para. 30 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

- 31 In [^{F131}paragraphs 7 and 7B] of Schedule 1 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) (penalties) a reference to a provision of TMA 1970 shall be construed as a reference to this Schedule so far as is necessary to preserve its effect.

Textual Amendments

- F131** Words in Sch. 24 para. 31 substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 57 para. 9](#)

Commencement Information

- I28** Sch. 24 para. 31 in force at 1.4.2008 for certain purposes, 1.7.2008 for certain purposes, 1.1.2009 for certain purposes, and 1.4.2009 in so far as not already in force by [S.I. 2008/568](#), [art. 2](#) (with [art. 3](#))

Status:

Point in time view as at 31/12/2020.

Changes to legislation:

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