

Changes to legislation: Finance Act 2007, Cross Heading: Potential lost revenue: normal rule is up to date with all changes known to be in force on or before 16 July 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) View outstanding changes

SCHEDULES

SCHEDULE 24

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)
- C1 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)
- C1 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)**)
- C1 Sch. 24 modified (8.4.2010) by [Finance Act 2010 \(c. 13\)](#), **Sch. 1 para. 37**
- C1 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**)
- C1 Sch. 24 applied (with modifications) (19.4.2013) by [The Small Charitable Donations Regulations 2013 \(S.I. 2013/938\)](#), **regs. 1**, **15**
- C1 Sch. 24 excluded (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **Sch. 35 para. 13(a)**
- C1 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)**)
- C1 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**)
- C1 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**)
- C1 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)**
- C1 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)**
- C1 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)**
- C1 Sch. 24 applied (with modifications) (1.5.2023) by [The Value Added Tax \(Margin Schemes and Removal or Export of Goods: VAT-related Payments\) Order 2023 \(S.I. 2023/68\)](#), **arts. 1(1)**, **14** (with **art. 1(2)**)
- C1 Sch. 24 applied (14.9.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) \(No. 2\) Regulations 2023 \(S.I. 2023/912\)](#), **regs. 1(2)**, **40(2)** (with **reg. 1(3)**)

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PART 2

AMOUNT OF PENALTY

Potential lost revenue: normal rule

- 5 (1) “The potential lost revenue” in respect of an inaccuracy in a document [^{F1}(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.
- (3) In sub-paragraph (1) “tax” includes national insurance contributions.
- (4) The following shall be ignored in calculating potential lost revenue under this paragraph—
- [^{F2}(za) any CIR alteration, other than a permitted reduction, in respect of the tax period to which the document relates,]
- (a) group relief, and
 - [^{F3}(b) any relief under [^{F4}section 458 of CTA 2010] (relief in respect of repayment etc of loan) which is deferred under [^{F5}subsection (5)] of that section;]
- (but this sub-paragraph does not prevent a penalty being charged in respect of an inaccurate claim for relief).
- [^{F6}(5) For the purposes of sub-paragraph (4)(za)—
- (a) a “CIR alteration” means an alteration made to an amount disallowed, or reactivated, under Part 10 of the Taxation (International and Other Provisions) Act 2010 as a result of the submission of a revised interest restriction return under paragraph 8(4) of Schedule 7A to that Act;
 - (b) a CIR alteration is a “permitted reduction” if it has the effect of—
 - (i) reducing the allocated disallowance of a company by no more than the relevant proportion, or
 - (ii) increasing the allocated reactivation of a company by no more than the relevant proportion.
 - (c) the “relevant proportion” is—
 - (i) for the purposes of paragraph (b)(i), the proportion by which the total disallowed amount of the worldwide group for the period is reduced, as a result of the submission of the revised interest restriction return;
 - (ii) for the purposes of paragraph (b)(ii) the proportion by which the interest reactivation cap of the worldwide group is increased, as a result of the submission of the revised interest restriction return.
- (6) In sub-paragraph (5), the following terms have the same meaning as in Part 10 of the Taxation (International and Other Provisions) Act 2010—
- “allocated disallowance” (see paragraph 22(2) of Schedule 7A to that Act);

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“allocated reactivation” (see paragraph 25(2) of that Schedule);
“total disallowed amount of the worldwide group” and “interest reactivation cap of the worldwide group” (see section 373 of that Act).]

Textual Amendments

- F1** 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
- F2** Sch. 24 para. 5(4)(za) inserted (with effect in accordance with Sch. 3 paras. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 26(2)**
- F3** Sch. 24 para. 5(4)(b) substituted (21.7.2009) by Finance Act 2009 (c. 10), **Sch. 57 para. 3**
- F4** 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)
- F5** 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)
- F6** Sch. 24 para. 5(5)(6) inserted (with effect in accordance with Sch. 3 paras. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 26(3)**

Modifications etc. (not altering text)

- C1** 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

- I1** 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)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 993 modified by [2016 c. 24 s. 118\(2\)](#)
- Sch. 24 para. 12(5)(za) inserted by [2015 c. 11 Sch. 20 para. 6\(a\)](#)
- Sch. 24 para. 21A(A1) inserted by [2015 c. 11 Sch. 20 para. 7\(2\)](#)
- Sch. 24 para. 4A(A1)(1) substituted for Sch. 24 para. 4A(1) by [2015 c. 11 Sch. 20 para. 3\(2\)](#)