

Status: Point in time view as at 24/05/2024.

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SCHEDULES

[^{F1}SCHEDULE 54A

Section 103A

FURTHER PROVISION AS TO LATE PAYMENT INTEREST AND REPAYMENT INTEREST

Textual Amendments

- F1** Sch. 54A inserted (1.1.2023 for specified purposes) by Finance (No. 3) Act 2010 (c. 33), s. 25(2), **Sch. 9 para. 12** (as amended by: 2014 c. 26, Sch. 4 paras. 14, 16, 17; S.I. 2014/2228, art. 2; 2016 c. 24, Sch. 8 para. 12, 17(1)(a); and 2017 c. 32, Sch. 6 paras. 15, 20, 21(1)(b)); S.I. 2022/1277, reg. 2(2)(d) (with reg. 3)

[^{F2}PART 1

CORPORATION TAX]

Textual Amendments

- F2** Sch. 54A Pt. 1 heading inserted (1.1.2023) by Finance Act 2021 (c. 26), s. 120(2), **Sch. 29 para. 4(2)**; S.I. 2022/1277, **reg. 2(2)(a)** (with reg. 3)

Certain amounts of repayment interest recoverable as late payment interest

- 1 Where each of conditions A to D (see paragraph 2) is met, an amount of repayment interest that—
- (a) has been paid to a company, but
 - (b) ought not to have been paid (see condition D),
- may be recovered from the company as if it were late payment interest.
- 2 (1) This paragraph applies for the purposes of paragraph 1.
- (2) Condition A is that repayment interest has been paid to the company on—
- (a) a repayment of corporation tax paid by the company for an accounting period,
 - (b) a payment of first-year tax credit under Schedule A1 to CAA 2001 for an accounting period,
 - (c) a payment of R&D tax credit under Chapter 2 or 7 of Part 13 of CTA 2009 for an accounting period,
 - (d) a payment of land remediation tax credit or life assurance company tax credit under Part 14 of CTA 2009 for an accounting period, or
 - (e) a payment of film tax credit under Chapter 3 of Part 15 of CTA 2009 for an accounting period.
- (3) Condition B, in a case falling within sub-paragraph (2)(a), is that (whether or not any previous assessment or determination has been made)—

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- (a) an assessment, or an amendment of an assessment, of the amount of corporation tax payable by the company for the accounting period is made, or
 - (b) a determination of that amount is made under paragraph 36 or 37 of Schedule 18 to FA 1998 (which until superseded by a self-assessment under that Schedule has effect as if it were one).
- (4) Condition B, in a case falling within sub-paragraph (2)(b) to (e), is that an assessment, or an amendment of an assessment, is made to recover an amount of the tax credit in question paid to the company for that accounting period.
- (5) Condition C is that the change (as a result of condition B being met) in—
- (a) the company's assessed liability to corporation tax, or
 - (b) the amount of tax credit payable,
- is not one which in whole or in part corrects an error made by HMRC.
- (6) In sub-paragraph (5) “error” includes—
- (a) any computational error, and
 - (b) the allowance of a claim or election which ought not to have been allowed.
- (7) Condition D is that as a result only of that change (and, in particular, not as a result of any error in the calculation of the interest), it appears to HMRC that some or all of the repayment interest ought not to have been paid.

Common period rule for corporation tax

- 3
- (1) This paragraph applies where—
- (a) there is a common period in relation to a company (see sub-paragraph (2)), and
 - (b) each of conditions A to C (see paragraph 4) is met.
- (2) A common period in relation to a company is any period during which—
- (a) an amount of corporation tax is due and payable by the company in accordance with section 59D of TMA 1970 or regulations made under section 59E of that Act (“the overdue payment”), and
 - (b) an amount which has been paid on account of corporation tax is repayable to the company (“the repayment”).
- (3) During the common period—
- (a) the overdue payment does not carry late payment interest or interest under regulations made by virtue of section 59E(2)(g) of TMA 1970 (interest payable to HMRC on amounts of corporation tax due and payable under regulations under that section), and
 - (b) the repayment does not carry repayment interest or interest under regulations made by virtue of section 59E(2)(i) of TMA 1970 (interest payable by HMRC on amounts paid or repaid under regulations under that section).
- 4
- (1) This paragraph applies for the purposes of paragraph 3.
- (2) Condition A is that the overdue payment and the repayment are in respect of different accounting periods.
- (3) Condition B is that the overdue payment would (apart from paragraph 3) carry—
- (a) late payment interest, or

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- (b) interest under regulations made by virtue of section 59E(2)(g) of TMA 1970.
- (4) Condition C is that the repayment would (apart from paragraph 3) carry—
- (a) repayment interest, or
- (b) interest under regulations made by virtue of section 59E(2)(i) of TMA 1970.]

[^{F3}PART 2

VALUE ADDED TAX

Textual Amendments

- F3** Sch. 54A Pt. 2 inserted (1.1.2023) by Finance Act 2021 (c. 26), s. 120(2), **Sch. 29 para. 4(3)**; S.I. 2022/1277, **reg. 2(2)(a)** (with reg. 3)

Modifications etc. (not altering text)

- C1** Sch. 54A Pt. 2 modified (1.3.2024) by 1994 c. 23, **Sch. 9ZF para. 11D** (as inserted by The Value Added Tax (Distance Selling) (Amendments) Regulations 2024 (S.I. 2024/128), regs. 1(1), **6(4)** (with reg. 1(2)))

Interpretation

- 5 In this Part of this Schedule—
- “assessment” has the same meaning as in paragraph 3 of Schedule 53;
- “prescribed accounting period” has the same meaning as in VATA 1994;
- ^{F4} ...

Textual Amendments

- F4** Words in **Sch. 54A para. 5** omitted (with effect in accordance with s. 23(5) of the amending Act) by virtue of **Finance (No. 2) Act 2024 (c. 12), s. 23(4)(a)**

Certain amounts of repayment interest recoverable as late payment interest

- 6 Where each of conditions A to C is met, an amount of repayment interest that—
- (a) has been paid to a person, but
- (b) ought not to have been paid (see condition C),
- may be recovered from the person as if it were late payment interest.
- 7 (1) Condition A is that repayment interest has been paid to the person [^{F5}in respect of an amount that is, or relates to, value added tax] for a prescribed accounting period.
- (2) Condition B is that (whether or not a previous assessment has been made), an assessment or amendment of an assessment is made of the amount of value added tax payable by the person for that prescribed accounting period.
- (3) Condition C is that as a result of the assessment or amendment of an assessment, it appears to HMRC that some or all of the repayment interest ought not to have been paid.

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Textual Amendments

- F5** Words in Sch. 54A para. 7(1) substituted (with effect in accordance with s. 23(5) of the amending Act) by Finance (No. 2) Act 2024 (c. 12), s. 23(4)(b)

Common period rules for value added tax

- 8 (1) This paragraph applies where there is a common period in relation to a person (see sub-paragraph (2)).
- (2) A common period in relation to a person is any period during which—
- [^{F6}(a) an amount (“the overdue payment”) that is, or relates to, value added tax—
- (i) is due and payable by the person, and
- (ii) carries late payment interest, and
- (b) an amount (“the relevant amount”) that is, or relates to, value added tax—
- (i) is payable to the person, and
- (ii) carries repayment interest.]
- (3) [^{F7}In respect of] the common period—
- (a) the overdue payment is to be treated as carrying late payment interest only on the amount (if any) by which the overdue payment exceeds the [^{F8}relevant amount], and
- (b) the [^{F9}relevant amount] is to be treated as carrying repayment interest only on the amount (if any) by which the [^{F9}relevant amount] exceeds the overdue payment.]
- [^{F10}(4) An amount of repayment interest that—
- (a) has been paid to a person, but
- (b) as a result of sub-paragraph (3)(b), ought not to have been paid,
- may be recovered from the person as if it were late payment interest.]

Textual Amendments

- F6** Sch. 54A para. 8(2)(a)(b) substituted (with effect in accordance with s. 23(5) of the amending Act) by Finance (No. 2) Act 2024 (c. 12), s. 23(4)(c)(i)
- F7** Words in Sch. 54A para. 8(3) substituted (with effect in accordance with s. 23(5) of the amending Act) by Finance (No. 2) Act 2024 (c. 12), s. 23(4)(c)(ii)
- F8** Words in Sch. 54A para. 8(3)(a) substituted (with effect in accordance with s. 23(5) of the amending Act) by Finance (No. 2) Act 2024 (c. 12), s. 23(4)(c)(iii)
- F9** Words in Sch. 54A para. 8(3)(b) substituted (with effect in accordance with s. 23(5) of the amending Act) by Finance (No. 2) Act 2024 (c. 12), s. 23(4)(c)(iii)
- F10** Sch. 54A para. 8(4) inserted (with effect in accordance with s. 23(5) of the amending Act) by Finance (No. 2) Act 2024 (c. 12), s. 23(4)(c)(iv)

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