

*Status: Point in time view as at 17/07/2013.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Paragraph 12. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 50

#### PENALTIES: LATE FILING, LATE PAYMENT AND ERRORS

*Amendments to Schedule 56 to FA 2009: penalty for failure to make payments on time*

- 12 (1) Paragraph 6 (amount of penalty: PAYE and CIS amounts) is amended as follows.
- (2) For sub-paragraph (1) substitute—
- “(1) P is liable to a penalty under this paragraph, in relation to each tax, each time that P makes a default in relation to a tax year.”
- (3) In sub-paragraph (2)—
- (a) in the opening words, after “default” insert “ in relation to a tax year ”;
  - (b) in paragraph (a), at the end insert “ of tax payable in relation to the tax year ”;
  - (c) in paragraph (b), at the end insert “ payable in relation to the tax year ”;
  - (d) in paragraph (c), at the end insert “ payable in relation to the tax year ”;
  - (e) in paragraph (d), at the end insert “ and due for the tax year ”.
- (4) For sub-paragraphs (3) to (7) substitute—
- “(3) But where a failure to make one of those payments (or to pay an amount comprising two or more of those payments) would, apart from this sub-paragraph, constitute the first default in relation to a tax year, that failure does not count as a default in relation to that year for the purposes of a penalty under this paragraph.
- (4) The amount of the penalty for a default made in relation to a tax year is determined by reference to—
- (a) the amount of the tax comprised in the default, and
  - (b) the number of previous defaults that P has made in relation to the same tax year.
- (5) If the default is P's 1st, 2nd or 3rd default in relation to the tax year, P is liable, at the time of the default, to a penalty of 1% of the amount of tax comprised in the default.
- (6) If the default is P's 4th, 5th or 6th default in relation to the tax year, P is liable, at the time of the default, to a penalty of 2% of the amount of tax comprised in the default.
- (7) If the default is P's 7th, 8th or 9th default in relation to the tax year, P is liable, at the time of the default, to a penalty of 3% of the amount of tax comprised in the default.

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(7A) If the default is P's 10th or subsequent default in relation to the tax year, P is liable, at the time of the default, to a penalty of 4% of the amount of tax comprised in the default.”

(5) In sub-paragraph (8), for paragraph (b) substitute—

“(b) a previous default counts for the purposes of sub-paragraphs (5) to (7A) even if it is remedied before the time of the default giving rise to the penalty.”

(6) After sub-paragraph (8) insert—

“(8A) Regulations made by the Commissioners for Her Majesty's Revenue and Customs may specify—

- (a) circumstances in which, for the purposes of sub-paragraph (2), a payment of less than the full amount may be treated as a payment in full;
- (b) circumstances in which sub-paragraph (3) is not to apply.

(8B) Regulations under sub-paragraph (8A) may—

- (a) make different provision for different cases, and
- (b) include incidental, consequential and supplementary provision.”

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