

**Changes to legislation:** Finance Act 1996, SCHEDULE 18 is up to date with all changes known to be in force on or before 13 April 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 18

Section 132.

#### OVERDUE TAX AND EXCESSIVE PAYMENTS BY THE BOARD

##### *The Taxes Management Act 1970*

- 1 In section 55 of the <sup>M1</sup>Taxes Management Act 1970 (recovery of tax not postponed) in subsection (1) (which specifies the appeals to which section 55 applies) for paragraph (b) (assessments under section 29) there shall be substituted—
- “(b) an assessment to tax made otherwise than under section 9 of this Act,”.

#### Marginal Citations

**M1** 1970 c. 9.

- 2 (1) Section 59A of the Taxes Management Act 1970 (payments on account of income tax) shall be amended in accordance with the following provisions of this paragraph.
- (2) In subsection (2) (requirement to make payments on account and determination, subject to subsections (4) and (4A), of the amount of such payments) for “(4) and (4A)” there shall be substituted “ (4) to (4B) ”.
- (3) In subsection (4A) (determination, subject to subsections (3) and (4), of amount of payments on account in the case of late or amended assessments), after “subsections (3) and (4) above” there shall be inserted “ and subsection (4B) below ”.
- (4) After subsection (4A) there shall be inserted—
- “(4B) If as regards the year immediately preceding the year of assessment the taxpayer is assessed to income tax under section 29 of this Act in any amount, then, subject to subsections (3) and (4) above and to any subsequent application of this subsection, the amount of each payment on account shall be, and shall be deemed always to have been, the total of—
- (a) the amount which, immediately before the making of the assessment under section 29, is the amount of that payment, and
- (b) an amount equal to 50 per cent. of the amount in which he is assessed under that assessment;
- and if that assessment is varied, the amount in which he is assessed under it shall be taken for the purposes of paragraph (b) above to be the amount of the assessment as varied.”
- (5) In subsection (5) (adjustments to be made where subsection (4A) applies) after “subsection (4A)” there shall be inserted “ or (4B) ”.

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- 3 (1) Section 86 of the <sup>M2</sup>Taxes Management Act 1970 (interest on overdue income tax and capital gains tax) shall be amended in accordance with the following provisions of this paragraph.
- (2) In subsection (4) (subsection (5) to apply with respect to interest in cases where taxpayer makes a claim under section 59A(3) or (4) but an amount becomes payable by him under certain provisions of section 59B) in paragraph (b), after “payable by him” there shall be inserted “ (i) ” and at the end of that paragraph there shall be added “or
- (ii) in accordance with section 59B(6) of this Act in respect of income tax assessed under section 29 of this Act.”
- (3) In subsection (6) (determination of what amount is payable in accordance with section 59B(3), (4) or (5)) after “section 59B(3), (4) or (5) of this Act” there shall be inserted “ or, in respect of income tax assessed under section 29 of this Act, in accordance with section 59B(6) of this Act ”.

**Marginal Citations**

**M2** 1970 c. 9.

- 4 (1) Section 88 of the Taxes Management Act 1970 (which relates to interest on tax recovered to make good loss due to the taxpayer’s fault and which is superseded by section 86 of that Act, as substituted by the <sup>M3</sup>Finance Act 1995) shall cease to have effect.
- (2) In consequence of the repeal of section 88 of the <sup>M4</sup>Taxes Management Act 1970—
- (a) section 88A of that Act (determinations under section 88) shall cease to have effect;
- (b) in section 91 of that Act (effect of interest on reliefs) in subsection (1)—
- (i) the words “or section 88” shall cease to have effect; and
- (ii) for the words “those provisions”, in each place where they occur, there shall be substituted “ that section ”; and
- (c) in section 113 of that Act (form of returns and other documents) subsection (1C) shall cease to have effect.

**Marginal Citations**

**M3** 1995 c. 4.

**M4** 1970 c. 9.

*The Taxes Act 1988*

- 5 In section 307 of the Taxes Act 1988 (enterprise investment scheme and business expansion scheme: withdrawal of relief) in subsection (6) (application of section 86 of the Taxes Management Act 1970 to assessments made by virtue of section 307 as if the reckonable date were as specified in that subsection) for “the reckonable date” there shall be substituted “ the relevant date ”.
- 6 (1) Section 369 of the Taxes Act 1988 (MIRAS) shall be amended in accordance with the following provisions of this paragraph.

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(2) In subsection (7)—

- (a) for paragraph (a) (which applies section 29(3)(c) of the Taxes Management Act 1970) there shall be substituted—
  - “(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;”;
- (b) in paragraph (b) (which applies section 30 of the Taxes Management Act 1970) after the words in parentheses there shall be inserted “ apart from subsection (1B) ”;
- (c) in paragraph (c) (which applies section 88 of the Taxes Management Act 1970) for “section 88” there shall be substituted “ section 86 ”; and
- (d) in the words following paragraph (d) after “as if it had been repaid” there shall be inserted “ as respects a chargeable period ”.

(3) After subsection (7) there shall be inserted—

- “(8) In the application of section 86 of the Management Act by virtue of subsection (7) above in relation to sums due and payable by virtue of an assessment made for the whole or part of a year of assessment (“the relevant year of assessment”) under section 29(1)(c) or 30 of that Act, as applied by that subsection, the relevant date—
  - (a) is 1st January in the relevant year of assessment in a case where the person falling within subsection (6) above has made a relevant interim claim; and
  - (b) in any other case, is the later of the following dates, that is to say—
    - (i) 1st January in the relevant year of assessment; or
    - (ii) the date of the making of the payment by the Board which gives rise to the assessment.

(9) In this section—

“financial year”, in relation to any person, means a financial year of that person for the purposes of the relevant regulations;

“interim claim” means an interim claim within the meaning of the relevant regulations;

“relevant interim claim” means, in relation to an assessment made for a period coterminous with, or falling wholly within, a person’s financial year, an interim claim made for a period falling wholly or partly within that financial year; and

“the relevant regulations” means regulations made under section 378(3) for the purposes of subsection (6) above.”

- 7 In section 374A of the Taxes Act 1988 (interest which never has been relevant loan interest etc) in subsection (4) (which provides for the application of the <sup>M5</sup>Taxes Management Act 1970 to an assessment under subsection (3) of that section as if it were an assessment to income tax and as if certain other things were the case) the words from “and as if” onwards shall be omitted.

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**Marginal Citations**

M5 1970 c. 9.

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- 8 In section 375 of the Taxes Act 1988 (interest ceasing to be relevant loan interest etc) in subsection (4) (which provides for the application of the Taxes Management Act 1970 to an assessment under subsection (3) of that section as it applies by virtue of section 374A(4) to an assessment under section 374A(3)) for “as it applies, by virtue of subsection (4) of section 374A, to an assessment under subsection (3) of that section” there shall be substituted “ as if it were an assessment to income tax for the year of assessment in which the deduction was made ”.
- 9 In section 412(4) of the Taxes Act 1988 (group relief: power to assess under section 412(3) is without prejudice to the making of assessments under section 29(3)(c) of the Taxes Management Act 1970) for “section 29(3)(c)” there shall be substituted “ section 29(1)(c) ”.

F110 .....

#### Textual Amendments

- F1** Sch. 18 para. 10 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

- 11 (1) Schedule 14 to the Taxes Act 1988 (life assurance premium relief: provisions ancillary to section 266) shall be amended in accordance with the following provisions of this paragraph.
- (2) In paragraph 6(2) (which provides for the application of the <sup>M6</sup>Taxes Management Act 1970 to an assessment under paragraph 6 of that Schedule as if it were an assessment to tax for the year of assessment in which the relief was given and as if certain other things were the case) the words from “and as if” onwards shall be omitted.
- (3) In paragraph 7(3) (which applies specified provisions of the Taxes Management Act 1970 to the payment of a sum claimed under section 266(5)(b))—
- (a) for paragraph (a) (which applies section 29(3)(c) of the Taxes Management Act 1970) there shall be substituted—
- “(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;”;
- (b) in paragraph (b) (which applies section 30 of the Taxes Management Act 1970) after the words in parentheses there shall be inserted “ apart from subsection (1B) ”;
- (c) in paragraph (c) (which applies section 88 of the Taxes Management Act 1970) for “section 88” there shall be substituted “ section 86 ”; and
- (d) for the words following paragraph (d) there shall be substituted—
- “shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable by virtue of section 266(5)(b) but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid as respects a chargeable period as a relief which was not due.”
- (4) After paragraph 7(3) there shall be added—
- “(4) In the application of section 86 of the Management Act by virtue of sub-paragraph (3) above in relation to sums due and payable by virtue of an

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assessment made for the whole or part of a year of assessment (“the relevant year of assessment”) under section 29(1)(c) or 30 of that Act, as applied by that sub-paragraph, the relevant date—

- (a) is 1st January in the relevant year of assessment in a case where the person falling within section 266(5)(b) has made a relevant interim claim; and
  - (b) in any other case, is the later of the following dates, that is to say—
    - (i) 1st January in the relevant year of assessment; or
    - (ii) the date of the making of the payment by the Board which gives rise to the assessment.
- (5) In this paragraph—

“financial year”, in relation to any person, means a financial year of that person for the purposes of the relevant regulations;

“interim claim” means an interim claim within the meaning of the relevant regulations;

“relevant interim claim” means, in relation to an assessment made for a period coterminous with, or falling wholly within, a person’s financial year, an interim claim made for a period falling wholly or partly within that financial year;

“the relevant regulations” means regulations made under sub-paragraph (1) above.”

#### Marginal Citations

M6 1970 c. 9.

#### The Finance Act 1989

[<sup>F2</sup>12 (1) Section 57 of the <sup>M7</sup>Finance Act 1989 (medical insurance: supplementary) shall be amended in accordance with the following provisions of this paragraph.

(2) In subsection (3) (which applies specified provisions of the <sup>M8</sup>Taxes Management Act 1970 to the payment of an amount claimed under section 54(6)(b))—

(a) for paragraph (a) (which applies section 29(3)(c) of the Taxes Management Act 1970) there shall be substituted—

“(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;”;

(b) in paragraph (b) (which applies section 30 of the Taxes Management Act 1970) after the words in parentheses there shall be inserted “ apart from subsection (1B) ”;

(c) in paragraph (c) (which applies section 88 of the Taxes Management Act 1970) for “section 88” there shall be substituted “ section 86 ”; and

(d) for the words following paragraph (d) there shall be substituted—

“shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable by virtue of section 54(6)(b) above but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid as respects a chargeable period as a relief which was not due.”

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(3) After subsection (3) there shall be inserted—

“(3A) In the application of section 86 of the Taxes Management Act 1970 by virtue of subsection (3) above in relation to sums due and payable by virtue of an assessment made under section 29(1)(c) or 30 of that Act, as applied by that subsection, the relevant date—

- (a) in a case where the person falling within section 54(6) above has made any interim claim, within the meaning of regulations made under subsection (1) and section 54(4) above, as respects some part of the year of assessment for which the assessment is made, is 1st January in that year of assessment; and
- (b) in any other case, is the later of the following dates, that is to say—
  - (i) 1st January in the year of assessment for which the assessment is made; or
  - (ii) the date of the making of the payment by the Board which gives rise to the assessment.”]

**Textual Amendments**

**F2** [Sch. 18 para. 12](#) repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(2), Note of the amending Act) by [1997 c. 58, s. 52](#), [Sch. 8 Pt. II\(2\)](#)

**Marginal Citations**

**M7** [1989 c. 26](#).

**M8** [1970 c. 9](#).

13 In section 178 of the Finance Act 1989 (setting rates of interest) in subsection (2) (f) (which specifies the provisions of the Taxes Management Act 1970 to which the section applies) the words “88” shall be omitted.

*The Finance Act 1991*

[<sup>F3</sup>14 (1) Section 33 of the <sup>M9</sup>Finance Act 1991 (vocational training) shall be amended in accordance with the following provisions of this paragraph.

(2) In subsection (3) (which applies specified provisions of the Taxes Management Act 1970 to the payment of an amount claimed under section 32(5)(b))—

- (a) for paragraph (a) (which applies section 29(3)(c) of the Taxes Management Act 1970) there shall be substituted—
  - “(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;”;
- (b) in paragraph (b) (which applies section 30 of the <sup>M10</sup>Taxes Management Act 1970) after the words in parentheses there shall be inserted “ apart from subsection (1B) ”;
- (c) in paragraph (c) (which applies section 88 of the Taxes Management Act 1970) for “section 88” there shall be substituted “ section 86 ”; and
- (d) for the words following paragraph (d) there shall be substituted—

“shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable by virtue of section 32(5)(b) above but to which that person is not entitled as if it were income tax which ought not

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to have been repaid and, where that amount was claimed by that person, as if it had been repaid as respects a chargeable period as a relief which was not due.”

(3) After subsection (3) there shall be inserted—

“(3A) In the application of section 86 of the Taxes Management Act 1970 by virtue of subsection (3) above in relation to sums due and payable by virtue of an assessment made under section 29(1)(c) or 30 of that Act, as applied by that subsection, the relevant date—

- (a) in a case where the person falling within section 32(5) above has made any interim claim, within the meaning of regulations made under subsection (1) above, as respects some part of the year of assessment for which the assessment is made, is 1st January in that year of assessment; and
- (b) in any other case, is the later of the following dates, that is to say—
  - (i) 1st January in the year of assessment for which the assessment is made; or
  - (ii) the date of the making of the payment by the Board which gives rise to the assessment.”]

#### Textual Amendments

**F3** Sch. 18 para. 14 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. III(15), Note of the amending Act) by 1999 c. 16, s. 139, Sch. 20 Pt. III(15)

#### Marginal Citations

**M9** 1991 c. 31.

**M10** 1970 c. 9.

### *The Taxation of Chargeable Gains Act 1992*

- 15 (1) Section 281 of the <sup>M11</sup>Taxation of Chargeable Gains Act 1992 (payment by instalments of tax on gifts) shall be amended in accordance with the following provisions of this paragraph.
- (2) In subsection (5), for paragraph (a) (tax payable by instalments to carry interest in accordance with Part IX of the Taxes Management Act 1970, except section 88) there shall be substituted—
- “(a) tax payable by instalments by virtue of this section carries interest in accordance with Part IX of the Management Act as that Part applies where no election is made under subsection (2) above, and”.
- (3) In subsection (6) (power to pay at any time unpaid tax payable by instalments, with interest to the date of payment) after “with interest” there shall be inserted “ (determined in accordance with subsection (5)(a) above) ”.
- (4) In subsection (7) (cases where tax payable by instalments, with interest to the date of payment, becomes due and payable immediately) after “with interest” there shall be inserted “ (determined in accordance with subsection (5)(a) above as if the tax were tax payable by instalments by virtue of this section) ”.



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**Marginal Citations**

M11 1992 c. 12.

*The Finance Act 1995*

- 16 In section 73(4) of the <sup>M12</sup>Finance Act 1995 (power to apply certain provisions of the Taxes Management Act 1970 in relation to certain sums payable in connection with venture capital trusts)—
- (a) for “section 29(3)(c)” there shall be substituted “ section 29(1)(c) ”;
  - (b) for “section 88” there shall be substituted “ section 86 ”; and
  - (c) after paragraph (d) there shall be added—

“and section 86 of that Act may be so applied with such modifications as respects the relevant date as may be specified in the regulations.”

**Marginal Citations**

M12 1995 c. 4.

*Commencement*

- 17 (1) Paragraphs 1 to 3, 6(2)(a) and (b), 8, <sup>F4</sup>... 11(3)(a) and (b), [<sup>F5</sup>12(2)(a) and (b)], 14(2) (a) and (b) and 16(a) above have effect, subject to sub-paragraph (2) below—
- (a) for the purposes of income tax and capital gains tax, as respects the year 1996-97 and subsequent years of assessment; and
  - (b) for the purposes of corporation tax, as respects accounting periods ending on or after the day appointed under section 199 of the <sup>M13</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions).
- (2) Paragraphs 1, 3, 6(2)(a) and (b), <sup>F4</sup>... 11(3)(a) and (b), [<sup>F5</sup>12(2)(a) and (b)] and 14(2) (a) and (b) above, so far as relating to partnerships whose trades, professions or businesses were set up and commenced before 6th April 1994, has effect as respects the year 1997-98 and subsequent years of assessment.
- (3) Paragraphs 4, 5, 6(2)(c) and (3), 11(3)(c) and (4), [<sup>F5</sup>12(2)(c) and (3)], 13, 14(2)(c) and (3), 15 and 16(b) and (c) above have effect, subject to sub-paragraph (4) below—
- (a) as respects the year 1996-97 and subsequent years of assessment; and
  - (b) in relation to any income tax or capital gains tax which—
    - (i) is charged by an assessment made on or after 6th April 1998; and
    - (ii) is for the year 1995-96 or any earlier year of assessment;
 and where sub-paragraph (4) of paragraph 11, sub-paragraph (3) of paragraph 12, or sub-paragraph (3) of paragraph 14 has effect by virtue of paragraph (b) of this sub-paragraph it shall have effect with the substitution, in the provision inserted by that sub-paragraph, for “section 29(1)(c)” of “section 29(3)(c) ”.



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- (4) Paragraphs 4, 6(2)(c) and (3), 11(3)(c) and (4), [F<sup>5</sup>12(2)(c) and (3)], 13 and 14(2)(c) and (3) above, so far as relating to partnerships whose trades, professions or businesses were set up and commenced before 6th April 1994 have effect—
- (a) as respects the year 1997-98 and subsequent years of assessment; and
  - (b) in relation to any income tax which—
    - (i) is charged by an assessment made on or after 6th April 1998; and
    - (ii) is for the year 1995-96 or any earlier year of assessment.
- (5) Paragraphs 7 and 11(2) above have effect—
- (a) as respects the year 1996-97 and subsequent years of assessment; and
  - (b) subject to sub-paragraphs (6) and (7) below, in relation to any income tax or capital gains tax which—
    - (i) is charged by an assessment made on or after 6th April 1998; and
    - (ii) is for the year 1995-96 or any earlier year of assessment.
- (6) Sub-paragraph (5)(b) above does not apply to paragraph 7 above so far as paragraph 7 provides for the omission of—
- (a) paragraph (a) of subsection (4) of section 374A of the Taxes Act 1988, and
  - (b) the words “and as if” so far as they relate to paragraph (a) of that subsection.
- (7) Sub-paragraph (5)(b) above does not apply to paragraph 11(2) above so far as paragraph 11(2) provides for the omission of—
- (a) the words “sections 55(1) (recovery of tax not postponed) and”, and
  - (b) the words “and as if—
    - (a) the assessment were among those specified in”
- so far as those words relate to the words mentioned in paragraph (a) of this sub-paragraph.
- (8) Paragraphs 6(2)(d), 11(3)(d), [F<sup>5</sup>12(2)(d)] and 14(2)(d) above shall not apply in relation to any payment if the payment, or the claim on which it is made, was made before the day on which this Act is passed.
- (9) Paragraph 9 above has effect as respects accounting periods ending on or after the day appointed under section 199 of the <sup>M14</sup>Finance Act 1994 for the purposes of Chapter III of Part IV of that Act (self-assessment management provisions).
- (10) Any power to make regulations exercisable by virtue of an amendment made by any of the preceding provisions of this Schedule may be exercised so as to make provision having effect in relation to any year of assessment in relation to which that provision has effect in accordance with sub-paragraphs (1) to (9) above.

#### Textual Amendments

- F4** Word in Sch. 18 para. 17(1)(2) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3 \(with Sch. 2\)](#)
- F5** Words in Sch. 18 para. 17(1)-(4)(8) repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(2), Note of the amending Act) by [1997 c. 58, s. 52, Sch. 8 Pt. II\(2\)](#)

#### Marginal Citations

- M13** [1994 c. 9.](#)

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**M14** [1994 c. 9.](#)

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**Changes and effects yet to be applied to :**

- Sch. 18 para. 11 repealed by [2012 c. 14 Sch. 39 para. 28\(1\)](#)

**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):

- Sch. 26 para. 16 repealed by [2005 c. 22 Sch. 6 para. 9\(1\)\(b\)](#)[Sch. 11 Pt. 2\(6\)](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 6 para. 9 repealed (1.4.2009, with effect in accordance with s. 1329(1) of the amending Act) by [2009 c. 4, s. 1329\(1\)](#), [Sch. 1 para. 673\(b\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#), [Pt. 8 para. 64](#)))