

## SCHEDULES

### SCHEDULE 14

#### GIFTS TO THE NATION

#### PART 2

#### INCOME TAX AND CAPITAL GAINS TAX

##### *Effect of basic rule on interest and penalties*

- 6 (1) This paragraph explains the effect of paragraph 3(1) as regards late payment interest and late payment penalties.
- (2) The effect is that liability to pay amounts specified in sub-paragraph (3) ceases when the qualifying gift is made, as if the liability had never arisen.
- (3) The amounts are—
- (a) any late payment interest that accrued on the relevant portion during the negotiation period, and
  - (b) any late payment penalty to which N became liable in the negotiation period for failing to pay the relevant portion (together with any interest on such a penalty).
- (4) “The relevant portion” is the portion of N’s tax liability for a relevant tax year that is treated under paragraph 3 as satisfied.
- (5) In determining for the purposes of sub-paragraph (2) whether or to what extent—
- (a) late payment interest accruing on an amount of or on account of N’s tax liability for the relevant tax year is attributable to the relevant portion, or
  - (b) a late payment penalty incurred for failing to pay an amount of or on account of N’s tax liability for the relevant tax year is attributable to the relevant portion,
- any attribution or apportionment is to be done in the way that maximises the relief obtained by N by virtue of this paragraph.
- (6) “The negotiation period” is the period—
- (a) beginning with the offer registration date, and
  - (b) ending with the day on which the qualifying gift is made.
- (7) Nothing in this paragraph affects any late payment interest that accrued, or any late payment penalty to which N became liable, before the offer registration date.