



Removal of extended time limit restriction for EU cases

Who is likely to be affected?

Claimants involved in group litigation and others who brought an action to recover direct tax charged contrary to EU law before 8 September 2003, who were not subject to a final judgment made by the courts before 6 December 2006.

General description of the measure

The measure recognises the effect of the Supreme Court ruling that legislation affecting the limitation period in old actions for mistake of law cannot apply in relation to claims concerning tax charged contrary to EU law.

Policy objective

Updates the legislation to reflect the law following the Supreme Court decision in *Test Claimants in the Franked Investment Income Group Litigation v Commissioners of Inland Revenue* and another "FII GLO"

Background to the measure

Section 107 Finance Act 2007 (FA2007) was introduced to ensure the limitation period for recovery of direct tax paid by mistake of law was six years from the date of payment. The legislation applied to any action brought before 8 September 2003 except where a claimant was subject to a final judgment before 6 December 2006. The Supreme Court ruled in FII GLO that this legislation could not apply to actions to recover tax charged contrary to EU law.

Detailed proposal

Operative date

The legislation will have effect on and after the date that Finance Bill 2014 receives Royal Assent and will be fully retrospective.

Current law

The amendment is being made to bring section 107 FA2007 in line with the law following the Supreme Court ruling in FII GLO.

Proposed revisions

Section 107 FA 2007 will be amended to exclude actions relating to the charging of tax contrary to EU law from the effect of the current legislation.

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19
	nil	nil	nil	nil	nil
	This measure is not expected to have an Exchequer impact				
Economic impact	The measure is not expected to have any economic impact.				
Impact on individuals and households	The measure is not expected to have an impact on individuals and households.				
Equalities impacts	The measure is not expected to impact on any individuals with protected characteristics.				
Impact on business including civil society organisations	This measure is not expected to have an impact on businesses or civil society organisations as it brings the written law into line with the law as it is applied by the courts.				
Operational impact (£m) (HMRC or other)	This measure is not expected to have any operational impacts.				
Other impacts	Other impacts have been considered and none have been identified.				

Monitoring and evaluation

The measure should not have any ongoing affect but we will ask the EU Commission to confirm they are satisfied with the amendment.

Further advice

If you have any questions about this change, please contact Nick Mosley on 03000 572490 (email: nick.mosley@hmrc.gsi.gov.uk) or contact Janet Howe 03000 576383 (email: janet.howe@hmrc.gsi.gov.uk)

Declaration

David Gauke MP, Exchequer Secretary, has read this Tax Information and Impact Note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.