

NOTICES OF AMENDMENTS

Monday 23 June 2014

CONSIDERATION OF BILL

Mr Chancellor of the Exchequer

1

* Clause 207, page 138, line 23, at end insert—

“(2A) The grounds on which an appeal under subsection (1) may be made include in particular—

- (a) that Condition A, B or D in section 197 was not met in relation to the follower notice,
- (b) that the judicial ruling specified in the notice is not one which is relevant to the chosen arrangements,
- (c) that the notice was not given within the period specified in subsection (6) of that section, or
- (d) that it was reasonable in all the circumstances for P not to have taken the necessary corrective action (see section 201(4)) in respect of the denied advantage.”

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2

* Clause 207, page 138, line 43, at end insert—

“(8A) The cancellation under subsection (7) of HMRC’s decision on the ground specified in subsection (2A)(d) does not affect the validity of the follower notice, or of any accelerated payment notice or partner payment notice under Chapter 3 related to the follower notice.”

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3

* Schedule 27, page 535, line 45, at end insert—

“(7A) Section 207(2A) applies to an appeal by virtue of sub-paragraph (7)(a) as it applies to an appeal under section 207(1).”

EXPLANATORY NOTE

AMENDMENTS 1 - 3 TO CLAUSES 192 TO 211 FOLLOWER NOTICES AND SCHEDULE 27 FOLLOWER NOTICES AND PARTNERSHIPS

SUMMARY

1. These amendments set out specific grounds on which a taxpayer may appeal against a penalty for failing to take the necessary action on receipt of a follower notice. They provide that a taxpayer may appeal on the grounds that the follower notice should not have been issued to him in the first place or that it was reasonable for him to continue his dispute rather than settle with HM Revenue & Customs (HMRC) on receipt of a follower notice. They also provide that only a designated officer of HMRC can issue a follower notice.

DETAILS OF THE AMENDMENTS

2. Amendment 1 inserts a new clause 207(2A) which details the grounds on which a taxpayer may appeal against a penalty issued for failing to take the necessary corrective action on receipt of a follower notice.

3. Amendment 2 inserts a new clause 207(8A) which provides that if a Tribunal finds that a penalty should not have been charged because it was reasonable for the taxpayer to continue his dispute, the follower notice on which it was based remains valid, as does any accelerated payment notice or partner payment notice related to it.

Schedule 27

4. Amendment 3 inserts a new sub-paragraph 7(A) which extends the grounds of appeal detailed in amendments 1 and 2 to penalties issued to partnerships.

BACKGROUND NOTE

5. Clauses 197 to 211 and Schedules 26, 27 and 29 provide for HMRC to issue follower notices to users of certain tax arrangements when those arrangements have been shown to fail in a Tribunal or Court. These notices request taxpayers to amend their returns or settle their cases with HMRC or face a penalty if they fail to do so within a specified time. These amendments make clear the grounds on which a taxpayer may appeal against a penalty.