Draft Regulations laid before the House of Commons under section 98C(2F)(c) of the Taxes Management Act 1970, for approval by resolution of the House of Commons.

DRAFT STATUTORY INSTRUMENTS

2010 No.

TAXES

The Tax Avoidance Schemes (Penalty) (Amendment) Regulations 2010

Made - - - -	***
Coming into force - -	***

A draft of these Regulations was laid before, and approved by, the House of Commons under section 98C(2F)(c) of the Taxes Management Act 1970(**a**).

Accordingly the Treasury make the following Regulations in exercise of the powers conferred by sections 98C(2C)(a) of the Taxes Management Act 1970.

Citation and commencement

1. These Regulations may be cited as the Tax Avoidance Schemes (Penalty) (Amendment) Regulations 2010 and come into force on ***.

Amendment of the Tax Avoidance Schemes (Penalty) Regulations 2007

2. The Tax Avoidance Schemes (Penalty) Regulations 2007(**b**) are amended as follows.

3. For regulation 3 substitute—

"**3.** For the purposes of section 98C(2A) of TMA 1970, the prescribed sum is £5,000."

4. For regulation 4 substitute—

"**4.** For the purposes of section 98C(2B) of TMA 1970, the prescribed sum is £5,000."

Name
Name
Date Two of the Lords Commissioners of Her Majesty's Treasury

(**a**) 1970 c. 9. Section 98C was inserted by section 315(1) of the Finance Act 2004 (c. 12) and subsequently amended by sections 108(9) of, and schedule 27 to, the Finance Act 2007 (c. 11); section 116(1) of, and schedule 38 to, the Finance Act 2008 (c. 9); and schedule 17 to the Finance Act 2010 (c. 13).
(**b**) S.I. 2007/3104. Regulation 2 of S.I. 2007/3104 provides that TMA 1970 means the Taxes Management Act 1970.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe the amount of the two daily penalties imposed by section 98C of the Taxes Management Act 1970 (c. 9) in certain circumstances. Section 98C penalises the failure to comply with the notification requirements of Part 7 of the Finance Act 2004 (c. 12). Part 7 of the Finance Act 2004 was amended by the Finance Act 2007 (c. 11) to create new obligations on promoters to provide information in respect of tax avoidance schemes. The initial penalty under section 98C(1)(a) was amended by the Finance Act 2010 (c. 13) to include a daily penalty. The daily penalties are increased where there is a failure to provide information following the making of an order under sections 306A and 314A of the Finance Act 2004.

A full Impact Assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available at http://webarchive.nationalarchives.gov.uk/20091222074811/http://hmrc.gov.uk/budget2010/strength-revise-dotas-ia-5295.pdf.

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