STATUTORY INSTRUMENTS

2024 No. 1153

CAPITAL GAINS TAX

INCOME TAX

VALUE ADDED TAX

The Penalties for Failure to Pay Tax (Schedule 26 to the Finance Act 2021) (Assessments) Regulations 2024

Made - - - - at 1:00 p.m. on	*12th November 2024*
Laid before the House of Commons	*13th November 2024*
Coming into force - -	*4th December 2024*

The Commissioners for His Majesty's Revenue and Customs make these Regulations in exercise of the powers conferred by paragraph 16(2) of Schedule 26 to the Finance Act 2021(**a**).

Citation and commencement

1. These Regulations may be cited as the Penalties for Failure to Pay Tax (Schedule 26 to the Finance Act 2021) (Assessments) Regulations 2024 and come into force on 4th December 2024.

Second penalty assessments

2.—(1) HMRC(**b**) may assess a penalty under paragraph 8 of Schedule 26 to the Finance Act 2021 (second penalty: tax remains due at end of 30 day period) before the end of the further penalty period(**c**), where the conditions in paragraph (2) are met.

(2) The conditions in this paragraph are—

(a) date A is later than (where it applies) date B, where "date A" and "date B" have the meanings given in paragraph 18 of Schedule 26 to the Finance Act 2021 (time limit for assessments), and

(b) on a day that is 7 days before date A, the tax due has not yet been paid in full.

(**a**) 2021 c. 26. Schedule 26 has been commenced for certain purposes; relevant instruments are S.I. 2022/1278 (C. 103), 2024/440 (C. 25) and 2024/1132 (C. 74).

(**b**) "HMRC" is defined in paragraph 2 of Schedule 26 to the Finance Act 2021 which should be construed as a reference to His Majesty's Revenue and Customs.

(**c**) The meaning of "further penalty period" is given in paragraph 8(4) and (5) of Schedule 26 to the Finance Act 2021.

Justin Holliday
Myrtle Lloyd
Two of the Commissioners for His Majesty's Revenue and Customs

At 1.00 p.m. on 12th November 2024

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision under paragraph 16(2) of Schedule 26 to the Finance Act 2021 for the assessment of penalties for failure to pay tax ("late payment penalties"). That Schedule provides for a two-penalty model for late payment penalties. These Regulations concern the second late payment penalty.

Regulation 1 provides for citation and commencement.

Regulation 2 makes provision enabling HMRC to assess a second late payment penalty before the tax due has been paid in full.

A Tax Information and Impact Note covering late payment penalties was published on 3rd March 2021 and is available on the HMRC website at https://www.gov.uk/government/publications/interest-harmonisation-and-penalties-for-late-submission-and-late-payment-of-tax/interest-harmonisation-and-penalties-for-late-payment-and-late-submission. It remains an accurate summary of the impacts of the late payment penalties regime established by Schedule 26 to the Finance Act 2021.

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