

Chapter 1

Overview of Legislation

Chapter 1 – Overview of Legislation; Schedule 24 FA07

This unit will cover

- What penalties are for and when they apply
- What is a document?
- Types of behaviour
- Understanding of 'Reasonable Care'
- Minimum and maximum penalties.
- HRA, Article 6

Review of Powers, Deterents and Safeguards

HM Revenue & Customs (HMRC) inherited a wide variety of penalties for inaccuracies from the earlier days before the two departments, Inland Revenue (IR) and HM Customs and Excise (C&E), were one.

The penalties for inaccuracies is one of the first pieces of cross-cutting legislation from the Powers Review, to make the tax system simpler and more consistent.

The aim of the error penalties is to strike an appropriate balance between

- Supporting customers who get it right first time
 - Providing a deterrent to non-compliance by penalising non-compliers
- and
- Encouraging the non-compliant to return voluntarily to compliance.

Customer Focus

Customer focus is at the centre of how we deliver all of HMRC's business objectives.

The error penalties are customer focused and reflect the behaviour that led to the error.

The primary aim of error penalties is to positively influence customer behaviour. We want it to help us achieve the HMRC objective of supporting those who seek to comply whilst coming down hard on those seeking an advantage by non-compliance. To achieve this there will not be a penalty for errors where reasonable care has been taken. There will however be penalties for failing to take reasonable care and we will heavily penalise deliberate errors.

What we want to do is to encourage people to pay the right tax at the right time and to help them where they have difficulties in understanding their obligations. We will in certain circumstances consider suspending penalties where a person takes steps to make matters right.

Changing behaviour

The error penalty is primarily about changing customer behaviour and encouraging better compliance in the future.

It aims to achieve this by

- driving up and encouraging voluntary compliance
- encouraging people to take care with their tax affairs
- Encouraging and influencing positive customer behaviour. For example, the way a customer maintains his/her books and records from 1 April 2008 could later impact upon their liability to a new type penalty if they make an error
- educating and supporting those who try to comply
- penalising those who do not take care with their tax affairs or who deliberately evade tax.

In other words, encouraging the non-compliant to become compliant.

Introduction

Welcome to Chapter 1 of the learning for Penalties for Inaccuracies Schedule 24 Finance Act (FA) 2007.

As a caseworker you need to be aware of how the new error penalties and how they will affect your day-to-day work. This chapter sets out which taxes are covered by the legislation, from what date the rules apply and what you will have to consider when you identify an inaccuracy.

Study Objectives

After successfully studying this chapter you will be able to

- State the seven taxes to which Schedule 24 initially applies.
- Identify three examples of the term 'tax period'
- State the dates from which the provisions of Schedule 24 FA 2007 initially apply
- Summarise what is a 'document' for Schedule 24 purposes
- State the two circumstances in which you will consider issuing a penalty
- Identify the four types of behaviour to which Schedule 24 applies.
- Identify two of the percentage ranges which apply under Schedule 24.

Study Advice

This unit should take you around 40 minutes to complete. You will need access to the Compliance Handbook and the Enquiry Manual.

1.1 Schedule 24 Finance Act 2007 Overview

CH81020

CH401200

Schedule 24 FA 2007 has introduced a standard penalty regime for inaccuracies in a range of returns and other documents submitted to HMRC, or for failure to notify an under-assessment.

The penalties are tax-based.

Schedule 24, Finance Act 2007 initially covered 7 taxes

- Income Tax (IT)
- Capital Gains Tax (CGT)
- Corporation Tax (CT)
- Value Added Tax (VAT)
- Pay As You Earn (PAYE)
- Construction Industry deductions (CIS)
- Class 1 National Insurance (NIC).

Schedule 40 Finance Act 2008 has extended the taxes and duties covered by Schedule 24 to a wider range of HMRC taxes and duties.

The additional duties covered are

- Insurance Premium Tax
- Inheritance Tax
- Stamp Duty Land Tax
- Stamp Duty Reserve Tax
- Petroleum Revenue Tax
- Aggregates levy
- Climate change levy
- Landfill tax
- Hydrocarbon oils duty
- Air passenger duty
- Alcoholic liquor duties
- Tobacco products duties
- General betting duties
- Pool betting duty
- Lottery duty
- Gaming duty
- Remote gaming duty

Tax credits and the national minimum wage are not within the extended scope of Sch 24, FA 2007.

1.2 From what date do error penalties apply?

For the initial seven taxes, Schedule 24 FA 2007 applies to documents submitted in relation to tax periods that began on or after 1 April 2008 and which are due to be filed on or after 1 April 2009.

CH 81030

A 'tax period' is a cross-tax term and means a tax year, accounting period or other period for which tax is charged.

CH 81011

For any claims or other documents that are not related to a tax period, the new rules apply only to those submitted on or after 1 April 2009.

Schedule 40 FA 2008 extends the scope of Schedule 24 to the wider range of taxes. It affects return periods starting on or after 1 April 2009 where the return for that period is due on or after 1 April 2010. This manual will, however, focus on the initial 7 taxes.

Note: The inaccuracy penalties may be applied to Inheritance Tax returns submitted after the 1 April 2009 with a due date of the 1 April 2010 subject to the appropriate legislation being laid.

VAT

The new penalty provisions apply to VAT claims made under the EC 13th Directive (86/560/EEC) by businesses based outside the European Union, for years commencing on or after 1 July 2008.

They also apply to VAT claims made under the EC 8th Directive made by businesses based in other European Union member States, for years commencing on or after 1 January 2009.

Earlier tax periods

Inaccuracies relating to earlier tax periods are not covered by the penalties for inaccuracies legislation.

You will need to establish the tax periods you are dealing with and apply the penalty legislation relevant to each.

You should check what penalties apply for those years in the relevant guidance. These are

- for VAT
 - Misdeclaration Penalty and Civil Evasion Penalty (V1 – 27 and PN160)
- For direct taxes
 - The Enquiry Manual (EM)
- For Employer Compliance
 - Employer Compliance Handbook (ECH).

The 'dishonest conduct' penalties chargeable under Section 60 VATA 1994 will continue to apply. This section imposes a penalty for dishonest conduct which does not relate to an inaccuracy in a document or failure to notify an underassessment.

EM 4800

ECH 21505

Where you are settling a compliance check by contract settlement (primarily used in direct taxes), the detailed rules relating to the contract remain in Enquiry Manual [EM] and Employer Compliance Handbooks [ECH].

Activity One

You are carrying out a compliance check on Samantha Carter's tax returns and have identified inaccuracies in her Self Assessment returns for the years ended 5 April 2006 to 5 April 2010.

Which of these tax returns will fall within Schedule 24, FA007?

Response

Schedule 24 will apply to the returns for years ended 5 April 2009 and 2010.

1.3 What is a document?

CH 81050 –
CH 81060

CH 401310

Schedule 24 charges penalties where there has been a deliberate or careless inaccuracy in a **document** given to HMRC. It also sets out which documents are covered by the legislation.

Firstly, there are specific recognised documents (such as returns and accounts) listed in a table. We've reproduced part of this below.

Tax	Document
IT/CGT	Return under Section 8, TMA 1970 (personal return).
IT/CGT	Return under Section 8A, TMA 1970 (trustee's return).
IT/CGT	Return, statement or declaration in connection with a claim for an allowance, deduction or relief.
IT/CGT	Accounts in connection with ascertaining liability to tax.
IT/CGT	Partnership return.
IT/CGT	Statement or declaration in connection with a partnership return.
IT/CGT	Accounts in connection with a partnership return.
IT	Return for the purposes of PAYE regulations.
Construction industry deductions	Return for the purposes of regulations under section 70(1)(a) of FA 2004 in connection with deductions on account of tax under the Construction Industry Scheme.
CT	Company tax return under para. 3 of Sch 18, FA98.
CT	Return, statement or declaration in connection with a claim for an allowance, deduction or relief.
CT	Accounts in connection with ascertaining liability to tax.
VAT	VAT return under para 2, Sch11, VATA 1994.
VAT	Return, statement or declaration in connection with a claim.

It then widens the definition of a document further to include for IT, CGT, CT and VAT purposes:

*S1 Sch 24 FA
2007*

Any document which is likely to be relied upon by HMRC to determine, without further inquiry, a question about

- (a) that person's liability to tax
- (b) payments by that person by way of, or in connection with, tax
- (c) any other payment by that person (including penalties), or
- (d) repayments, or any other kind of payment or credit, to that person.

So the definition of a document is very wide ranging. It can be anything which communicates information to HMRC regardless of form or method, for example by post, fax, e-mail or telephone.

<p>Activity Two</p>	<p>Can you think of any other forms, returns or documents that may be within the definition of document for the purposes of Schedule 24?</p>
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Response

We thought of the following, although you may think of others

- VAT claim forms, such as VAT 431 for DIY Housebuilders or, VAT 652 which is used for voluntarily disclosing errors on VAT returns.
- Employers' returns P14 – the end of year employee summary and the P35 Employer Return.
- Form P160 on which we are informed of an employee retiring on a pension.
- Letters from customers making claims to allowances.
- Notes of meetings or phone calls.
- Faxes or emails.
- Electronic records of calls to Contact Centres.

Any electronic storage device holding information eg CDs, memory sticks, DVDs, hard drives on a computer.

1.4 When can you issue a penalty?

CH 81010

There are two circumstances in which you will consider a penalty

CH 81070

S1 & S2 Sch 24,
FA 2007

- an error in a document
- failure to notify HMRC of an under-assessment.

1.4.1 An error in a document

You've seen that Schedule 24 relates to penalties for inaccuracies in documents. However, an inaccuracy in a document doesn't necessarily mean that a penalty will be issued, even when further tax is payable. There are two conditions that must be satisfied first.

1. The document given to HMRC must contain an inaccuracy that leads to
 - a) an understatement of the customer's liability to tax
 - or
 - b) a false or inflated statement of a loss by the customer
 - or
 - c) a false or inflated claim to repayment of tax

and
2. The inaccuracy must be the result of customer behaviour that was either careless or deliberate. (Behaviour will be covered in Chapter 2).

CH 81080

There's no penalty if a customer submits an incorrect document even though they have taken reasonable care. However, if they discover the error later they must take reasonable steps to tell HMRC about it, otherwise we will then treat the inaccuracy as careless.

Deceased persons

CH 402000

You can not issue an inaccuracy penalty on the personal representatives of a deceased person, even when the person submitted inaccurate documents or failed to notify an under-assessment prior to the date of death. This does not apply, however, if the personal representatives submit incorrect returns or documents. They will be chargeable to a penalty in the normal way.

1.4.2 Failure to notify HMRC of an under-assessment

*CH 81090 and
CH81170*

A penalty is also chargeable where a customer fails to take reasonable steps to notify us, within 30 days of the date of the assessment, that we have under-assessed their tax liability.

CH 81010

CH 401800

*S2, Part 1 Sch 24
FA 2007*

You will need to consider whether the customer knew, or should have known, about the under-assessment and what steps it would have been reasonable for that customer to take to notify us of the under assessment.

CH 410200

It will be a question of fact whether the customer made contact with us within 30 days to tell us of the under assessment. You will have to judge whether the steps they took were sufficient to treat them as bringing the under assessment to our attention.

There is no statutory extension to the 30 day time limit. If a customer tries to comply but is prevented from doing so, they should contact us as soon as possible. You should take a reasonable view based on the facts they present.

1.5 The four types of behaviour

CH 81110

CH 430000

*S3 Sch 24, FA
2007*

If you have established there are inaccuracies in a return, or other document, which will result in an understatement of liability to tax you'll have to find out what led to each separate inaccuracy. For under assessments, you do not have to identify the customer's behaviour, you will look only at the quality of the disclosure. Disclosure is covered in chapter 3.

The legislation sets out four possible behaviour types giving rise to inaccuracies. Was the inaccuracy

- made despite the person taking reasonable care
- careless – if the inaccuracy is because the person did not take reasonable care
- deliberate but not concealed – if the inaccuracy is deliberate but the person does not make arrangements to hide it
- deliberate and concealed – if the inaccuracy is deliberate and the person makes arrangements to hide it?

*CH 81130 –
CH 81169*

The Compliance Handbook sets out more fully what constitutes careless or deliberate behaviour and you must follow the guidance there to decide what led to each separate inaccuracy you have identified.

It is important that the decision on behaviour is supported by evidence. If the position is not clear to you then you should consult with your line manager. Chapter 2 looks in more detail at the importance of understanding customer behaviour.

Reasonable care

CH 81120

CH 430500

If a customer takes reasonable care to get it right, we won't charge them a penalty, even if they make a mistake. That's because most customers take care to fill in their tax returns correctly. We want to encourage that and help them get it right.

Of course, customers do make mistakes. We do not expect perfection. We are simply seeking to establish whether they have taken the care and attention that could be expected from a reasonable person taking reasonable care in similar circumstances.

Where a customer makes repeated inaccuracies, this may form part of a pattern of behaviour. It could suggest a lack of care by the customer in developing adequate systems for recording transactions or preparing tax returns.

It is, however, important to keep a sense of proportion. Repeating the same inaccuracy would not always, in itself, indicate a failure to take reasonable care.

1.6 Information powers

CH 210000 et seq

Schedule 36 of the Finance Act 2008 (FA) contains our powers for information and inspection. The powers are available to use when checking a person's 'tax position'. This includes a liability to penalties.

Normally once you have established the inaccuracies you would expect the customer to be proactive in helping you finalise matters as quickly as possible. If the customer doesn't wish to co-operate then you should explain that not doing so may have an affect on any penalty that will be assessed.

If a customer chooses not to co-operate with you in identifying their behaviour type you may be able to use the Schedule 36 powers to obtain the evidence you need. These powers can be used to investigate the behaviour of the customer, as well as the amount of their tax liability.

You should in most cases be able to obtain the information you need without the use of these formal powers. However, if this is not possible, you must only use Schedule 36 formal powers once you have undertaken the appropriate training.

1.7 Minimum and maximum penalties for inaccuracies

CH 82470

CH 450510

S4 Sch 24 FA 2007

S10 Sch 24 FA 2007

There's a range of minimum and maximum penalties chargeable depending on the behaviour that gave rise to the inaccuracy and the disclosures made.

By using a lower penalty range for customers who voluntarily tell us about mistakes we hope to encourage compliance in the future. People who do not disclose their errors until HMRC intervenes will face a range of penalties at higher rates.

A disclosure is unprompted if it is made at a time when the customer has no reason to believe that we have discovered or are about to discover the inaccuracy or under assessment. This is covered in more detail in Chapter 3.

Customer Behaviour	Unprompted Disclosure	Prompted Disclosure
Reasonable care	No Penalty	No Penalty
Careless	0% - 30%	15% - 30%
Deliberate but not concealed	20% - 70%	35% - 70%
Deliberate and Concealed	30% - 100%	50% - 100%

1.8 Minimum and maximum penalties for under-assessments

As with inaccuracies, there's a range of penalties for under assessments. In these cases you will consider only whether the disclosure is unprompted or not .

	Unprompted Disclosure	Prompted disclosure
An understated assessment that is not notified to HMRC within 30 days	0% - 30%	15% - 30%

Exactly whereabouts in the range the penalty will fall depends on the **quality** of the disclosure made. You'll cover this in more detail in Chapter 3.

1.9 Human Rights Act, Article 6

<i>EM 1350</i>	The Human Rights Act came into being in 2000 and affects both individuals and companies. Following the decision in the case of <i>King –v- UK</i> , HMRC has accepted that some of our penalties may be deemed 'criminal' for the purposes of Article 6.
<i>CH433010</i>	
<i>CH433020</i>	<p>The penalties that we accept are criminal for the purposes of Article 6 are those that are based upon</p> <ul style="list-style-type: none">• 100% of the tax difference, unpaid or potential lost revenue• 70% of the potential lost revenue
<i>CH433030</i>	<p>For error penalties there is a maximum penalty which is based on potential lost revenue and is determined by the seriousness of the behaviour. We accept that error penalties which arise from deliberate behaviour are within Article 6.</p> <p>We do not accept that penalties that arise because of careless behaviour are within Article 6.</p> <p>A person to whom Article 6 proceedings might apply is entitled to a fair and public hearing within a reasonable time. We must not cause, or allow, delay as it could be viewed as breaching that person's rights.</p> <p>If you mention penalties to the customer before you have explored the risks or established inaccuracies this could be viewed as pre-judging, or as a threat.</p> <p>However, as soon as you have any reason to suspect that you might consider a penalty you should make the customer aware of their rights under the Human Rights Act, Article 6. Sometimes this can be right at the start of an enquiry.</p>
<i>CH433050</i>	As soon as there is evidence of liability to a penalty we must
<i>CH433060</i>	<ul style="list-style-type: none">• tell the person that they do not have to co-operate with the compliance check and what you will do if they choose not to co-operate
<i>CH433090</i>	<ul style="list-style-type: none">• work the case without unreasonable delay

- explain to the person that you will issue early penalty assessments if a contentious appeal hearing is needed, or if they request early closure of the case and the tribunal agrees

CH433040

As this will be before any decision is made regarding the behaviour, all potential errors should be treated as if they are within Article 6.

If you later establish that the behaviour was careless then although the maximum penalty would be less than 70% you should continue to work as if Article 6 applied. This will ensure that each customer is treated the same and that all cases are worked to the same standard.

The customer should be left in no doubt that you are considering penalties. You should not assume that either the person or their agent understands the principle of penalties.

The formal statement that you should give to the customer is set out in EM 1362, ECH8028 for employer/contractor cases and HEG 4235 for Self Assessment.

CH433020 For direct taxes give the person the relevant booklet for the type of tax, such as IR160, COP9, EC/FS4 in employer/contractor cases.). For both direct and indirect taxes give the fact sheet about Compliance Checks and HRA.

CH433060 If you have a meeting with the person, hand them the fact sheet; if you do not have a meeting you should send a copy to them. At the same time, draw attention to the inaccuracy you have discovered. Explain to the customer that penalties have to be considered as a result of an inaccuracy and you need to find out the reason why it occurred.

CH433080

Depending on the circumstances, you may discuss whether suspension of penalties might be appropriate. Penalty suspensions are covered in Chapter 4.

You should record notes of any meeting, and these should be copied to the person. If you are writing to the person, remember to send a copy to their agent if they are represented.

Review

Schedule 24 FA 2007 brought in a cross-tax penalty regime. It applies

- to inaccuracies in returns and documents
- for tax periods beginning on or after 1 April 2008 where the due date for filing is on or after 1 April 2009.

For 13th and 8th EU Directive claims, the relevant tax periods are those commencing 1 July 2008 and 1 January 2009 respectively.

Claims or documents that do not relate to tax periods are covered by the legislation where they are submitted on or after 1 April 2009.

Sch 24 FA 2007 covers the main taxes of

- Income Tax
- Capital Gains Tax
- VAT
- PAYE
- Corporation Tax
- Construction Industry Deductions
- Class 1 National Insurance.

It has been extended by Schedule 40 FA 2008 to cover a wider range of taxes and duties. The extended range will apply to return periods starting from 1 April 2009 where the return is to be submitted on or after 1 April 2010.

The legislation is not retrospective and the old penalties' regimes apply to earlier periods. For contract settlements or, in VAT cases, dishonest conduct, this could mean that for several years to come you will have to calculate penalties according to both sets of rules.

The term 'document' covers returns and a wide range of other items that customers may need to give us. It also applies to customers giving information to us by any method, such as electronically, over the phone or in a meeting.

For a penalty to apply there must be

- a failure to notify HMRC of an under-assessment to tax
or
- an inaccuracy leading to
 - an understatement of liability,
or
 - a false or inflated loss,
or
 - a false or inflated claim to repayment
 - and, for an inaccuracy, it must have been the result of careless or deliberate behaviour by the customer.

You cannot charge a penalty on the personal representatives of a deceased person for inaccuracies in documents they submitted prior to the date of their death.

The level of penalty chargeable will vary according to the behaviour that led to the inaccuracy and whether any disclosure was prompted or not. For under assessments you do not need to consider the person's behaviour, although you will look at whether the disclosure was unprompted and the quality of disclosure.

The penalty levels range from no penalty, where the customer took reasonable care, to 100% for deliberate and concealed irregularities.

Learning Check

1. Which of the following taxes are part of the initial seven taxes to which Schedule 24 FA 2007 applies?

a	Capital Gains Tax	<input type="checkbox"/>
b	Inheritance Tax	<input type="checkbox"/>
c	Pay As You Earn	<input type="checkbox"/>
d	Lottery Duty	<input type="checkbox"/>

2. What is a 'tax period'?

a	A tax year	<input type="checkbox"/>
b	The period covered by a company return	<input type="checkbox"/>
c	A VAT quarter	<input type="checkbox"/>

3. To what tax periods do the Schedule 24 provisions apply for IT, CGT, CT, VAT, PAYE, Construction Industry deductions and Class 1 National Insurance Contributions?

a	To tax periods beginning on or after 1 April 2008 where the due date for filing the document is on or after 1 April 2009	<input type="checkbox"/>
b	To tax periods commencing after 1 January 2010 when Schedule 40 FA 2008 comes into effect	<input type="checkbox"/>
c	To tax periods commencing on or after 1 April 2008 provided the documents are submitted by 31 March 2009	<input type="checkbox"/>
d	To tax periods beginning on or after 1 April 2009 where the due date for filing the document is on or after 1 April 2010	<input type="checkbox"/>

4. Is a handwritten repayment claim on a seaside postcard a document for Schedule 24 purposes?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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5. In which of the following circumstances will you consider issuing a Schedule 24 penalty?

a	During a VAT inspection on a trader's return for quarter ended 31/12/2009 you find that she has overstated input VAT. There is further tax to pay.	<input type="checkbox"/>
b	You are about to finalise an enquiry into an individual's personal return for 2008. You notice that his 2008/09 return is overdue and still outstanding.	<input type="checkbox"/>
c	A company's return is late. You have issued a Determination based upon its level of declared profits in recent years. Apart from paying the tax there is no contact from the company until it submits its return 90 days later. The Corporation Tax should have been £20,000 more than the figure shown on the determination.	<input type="checkbox"/>

6. Which 4 types of behaviour does Schedule 24 apply to?

a	Reasonable care	<input type="checkbox"/>
b	Negligent	<input type="checkbox"/>
c	Careless	<input type="checkbox"/>
d	Fraudulent	<input type="checkbox"/>
e	Deliberate	<input type="checkbox"/>
f	Willful default	<input type="checkbox"/>
g	Deliberate with concealment	<input type="checkbox"/>

7. Complete the table to show the relevant penalty percentage range

Customer Behaviour	Unprompted Disclosure	Prompted Disclosure
Reasonable care	No Penalty	
Careless	0% - 30%	15% - 30%
Deliberate but not concealed	20% - 70%	35% - 70%
Deliberate and Concealed		50% - 100%

- d) 0% - 20%
- e) 10% - 30%
- f) 30% - 80%
- g) 30% - 100%
- h) No penalty

Learning check – Answers

1. Which of the following taxes are part of the initial 7 taxes to which Schedule 24 FA 2007 applies?

a	Capital Gains Tax	<input checked="" type="checkbox"/>
b	Inheritance Tax	<input type="checkbox"/>
c	Pay As You Earn	<input checked="" type="checkbox"/>
d	Lottery Duty	<input type="checkbox"/>

You looked at this in sub-unit 1.1

2. What is a 'tax period'?

a	A tax year	<input checked="" type="checkbox"/>
b	The period covered by a company return	<input checked="" type="checkbox"/>
c	A VAT quarter	<input checked="" type="checkbox"/>

This is covered at point 1.2.

3. To what tax periods do the Schedule 24 provisions apply for IT, CGT, CT, VAT, PAYE, Construction Industry deductions and Class 1 National Insurance Contributions?

a	To tax periods beginning on or after 1 April 2008 where the due date for filing the document is on or after 1 April 2009	<input checked="" type="checkbox"/>
b	To tax periods commencing after 1 January 2010 when Schedule 40 FA 2008 comes into effect	<input type="checkbox"/>
c	To tax periods commencing on or after 1 April 2008 provided the documents are submitted by 31 March 2009	<input type="checkbox"/>
d	To tax periods beginning on or after 1 April 2009 where the due date for filing the document is on or after 1 April 2010	<input type="checkbox"/>

This is covered at sub-unit 1.2

4. Is a handwritten repayment claim on a seaside postcard a document for Schedule 24 purposes?

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
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A document can be any form of communication that gives information to HMRC. It includes letters, phone calls, meetings, emails and faxes.

You looked at this in sub-unit 1.3

5. In which of the following circumstances will you consider issuing a Schedule 24 penalty?

a	During a VAT inspection on a trader's return for quarter ended 31/12/2009 you find that she has overstated input VAT. There is further tax to pay	<input checked="" type="checkbox"/>
b	You are about to finalise an enquiry into an individual's personal return for 2008. You notice that his 2008/09 return is overdue and still outstanding	<input checked="" type="checkbox"/>
c	A company's return is late. You have issued a Determination based upon its level of declared profits in recent years. Apart from paying the tax there is no contact from the company until it submits its return 90 days later. The Corporation Tax should have been £20,000 more than the figure shown on the determination	<input checked="" type="checkbox"/>

Schedule 24 penalties relate to inaccuracies in returns or documents, or for failure to notify an under-assessment within 30 days. (Penalties for late returns are charged under other legislation.)

This is covered in sub-units 1.4.1 and 1.4.2

6. Which 4 types of behaviour does Schedule 24 apply to?

a	Reasonable care	<input checked="" type="checkbox"/>
b	Negligent	<input type="checkbox"/>
c	Careless	<input checked="" type="checkbox"/>
d	Fraudulent	<input type="checkbox"/>
e	Deliberate	<input checked="" type="checkbox"/>
f	Willful default	<input type="checkbox"/>
g	Deliberate with concealment	<input checked="" type="checkbox"/>

You looked at behaviour types at sub-unit 1.5.

7. Complete the table to show the relevant penalty percentage range

Customer Behaviour	Unprompted Disclosure	Prompted Disclosure
Reasonable care	No Penalty	No penalty
Careless	0% - 30%	15% - 30%
Deliberate but not concealed	20% - 70%	35% - 70%
Deliberate and Concealed	30% - 100%	50% - 100%

- a) 5% - 20%
- b) 10% - 30%
- c) 20% - 50%
- d) 30% - 100%**
- e) No penalty**

You saw this in sub-unit 1.7.