

## 2012 Budget Measure

### Notes on Remission of Interest and Administrative Penalties

#### Introduction

This measure announced in the Budget speech for 2012 is intended to provide for a remission of administrative penalties and interests for registered persons who have an outstanding balance under VAT 1994, CET or VAT 1998.

#### What are these notes about?

These notes should serve as a guide to help eligible persons understand better the details and mechanisms of the scheme. As regards the legal text the relative provisions are to be found in Legal Notice 456 of 2011 published in the Government Gazette on 14 November 2011.

[For LN 456 of 2011 [click here](#)]

#### Who is eligible?

Any person registered under articles 10, 11 or 12 who has not submitted VAT returns/declarations falling due up to 15 October 2011 and/or has balances due to the VAT Department is potentially eligible to benefit by way of this measure.

The remission may apply separately with respect to pending VAT returns and/or balances due under the Value Added Tax Act, 1994; Customs and Excise Tax Act; and, Value Added Tax Act, 1998.

#### What are the requirements for eligibility?

A person registered under article 10 would be eligible if he:

1. Has arrears due on returns for periods whose returns were due on or prior to 15 Oct 2011;
2. Has submitted all VAT returns which were due on or prior to 15 Oct 2011 by not later than 15 Jan 2012;
3. Submits on time and with full payment (if any) all VAT returns falling due on 15 Nov 2011 and subsequent VAT return due dates;
4. Withdraws all appeals lodged before the VAT Appeals Board, the Administrative Law Tribunal or the Court of Appeal by 15 Jan 2012;
5. Submits payments by the dates indicated in the table below:

PAYMENTS		REMISSION
Amount* paid by 15/03/2012		80% remission of interest and penalties
30% of Amount to be paid by 15/03/2012	The remaining amount to be paid by 15/05/2012	70% remission of interest and penalties
30% of Amount to be paid by 15/03/2012	The remaining amount to be paid by 15/08/2012	60% remission of interest and penalties
30% of Amount to be paid by 15/03/2012	The remaining amount to be paid by 15/02/2013	50% remission of interest and penalties

\* Amount is calculated as follows:

- If balance due is equal to or greater than total interest and administrative penalties due, the percentage is calculated on the interest and administrative penalties only.
- If balance due is less than total interest and administrative penalties due, the percentage is calculated on the balance due.

Vide Worked Examples 1 and 2 (For Example 1 [click here](#) and Example 2 [click here](#))

A person registered under article 11 or article 12 would be eligible if he:

1. Submits all pending declarations/notices by 15 Jan 2012;
2. Pay €10 in respect of each default by 15 Jan 2012.

**When will the VAT Department remit the administrative penalties and interest?**

The remittance shall only have effect in the account of the registered person once final payment is effected to the satisfaction of the VAT Department.

**Once I follow the conditions would interest be also incurred up to the final payment?**

No, all interest that may accrue during the repayment period will be remitted.

**If I have already paid all interest and administrative penalties and I do not have a balance due to the VAT Department would I still be eligible for remission?**

No, as nothing in the regulations entitles any person to claim any remission which would result in a refund with respect to interest and administrative penalties already paid.

**What will happen if in future I am owed interest on a refund due to me by the VAT Department following remission?**

The VAT Department may deduct any amount of remitted interest from interest due to you in respect of a refund up to six years from when the interest was remitted.

**What will happen if for any reason I fail to make repayments and so fail to pay the agreed amount?**

The VAT Department would withdraw the arrangements and civil action will be taken to recover all the balances due.

**Can the VAT Department withdraw the arrangements for remission with respect to an eligible registered person?**

Yes, the VAT Department reserves the right to, at any time, withdraw the arrangements for the remission if:

- the person fails to honour in time at least two instalments
- if it is considered that the remittance could lead to unjustified gain
- if the person is found guilty of an offence in connection with VAT (except for offences related to non-issuing of fiscal receipts) or is prosecuted for VAT fraud

**DISCLAIMER**

Please be aware that the above notes are published for information purposes and as guidance for further exploration. Utmost care has been taken to ensure that the information given is correct. This notwithstanding it is to be pointed out that they are not legally binding and should not serve as a legal document providing legally binding rulings. If you require further information you are advised to either refer to the legal text or contact the VAT Department.