

Repayments and Offsets of Taxes and Duties

Connected Persons

Part 42-05-05

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1. Repayments

Repayments and offsets generally are dealt with in [Part 37-00-30](#).

2. Repayment offset for a connected person

Where a person is connected to another person within the meaning of section 10 Taxes Consolidation Act 1997 (TCA) and that person has assigned, transferred or sold the right to a repayment of tax to that other person, section 960H(3) TCA allows Revenue to offset that repayment against any tax liability owed by the person requesting the transfer of the repayment.

This is an anti-avoidance provision introduced as a result of a decision of the Court of Appeal in the UK¹, which held that a taxable person entitled to the benefit of an overpayment claim of VAT could pass the benefit of that claim to another person. Without section 960H(3) TCA, a company could assign a right to an overpayment of tax to a company connected with it in order to avoid the provisions of 960H(2) TCA, which permits the Collector-General to withhold a repayment where there is a payment of tax due and payable or where there are outstanding returns required to be made.

Where the Revenue Commissioners have either withheld or set off a repayment, a notice in writing shall be given to the person or persons concerned.

¹ Commissioners of Revenue and Customs v Midlands Co-operative Society [2008] EWCA Civ 305