
[42.05.05] Repayments and Offsets of Taxes and Duties

Connected persons

1. Repayments

Repayments and offsets generally are dealt with in [Part 37.00.30](#).

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

2. Repayment offset for a connected person

Where a person is connected to another person, within the meaning of Section 10 TCA1997, and that person has assigned, transferred or sold the right to a repayment to the other person, Section 960H(3) 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 and counters an avoidance opportunity that arose as a result of a decision of the Court of Appeal in the UK¹, where it was 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. Absent section 960H(3), the avoidance opportunity could arise where, for example, a company assigns a right to an overpayment of tax to a company connected with it in order to avoid the provisions of 960H(2) 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