
STATUTORY INSTRUMENTS

1998 No. 3176

The Taxes (Interest Rate) (Amendment No. 2) Regulations 1998

Amendments to the principal Regulations

6. After regulation 3A there shall be inserted—

“3ZA.—(1) For the purposes of section 87A of the Taxes Management Act 1970(1) in so far as it relates, by virtue of subsection (1A) of that section, to an amount or amounts treated as becoming due and payable in respect of the total liability of a large company for an accounting period ending on or after 1st July 1999 in accordance with regulation 5 of the 1998 Regulations, the rate applicable under section 178 shall, subject to paragraph (2), be 8.25 per cent. per annum.

(2) Where on a reference date after 7th January 1999 the reference rate found on that date differs from the established rate, the rate applicable under section 178 for the purposes mentioned in paragraph (1) shall, on and after the next operative date and as respects the period specified in paragraph (3), be the percentage per annum found by applying the formula specified in paragraph (4).

(3) The period specified in this paragraph is any period falling between—

(a) the date on which the first instalment payment is treated as becoming due and payable for the accounting period concerned under regulation 5 of the 1998 Regulations, and

(b) the day following the expiry of nine months from the end of that accounting period,

during which any amount treated as becoming due and payable in accordance with regulation 5 of those Regulations for that accounting period remains unpaid.

(4) The formula specified in this paragraph is—

$$RR + 2,$$

where

RR is the reference rate referred to in paragraph (2).

3ZB.—(1) For the purposes of section 87A of the Taxes Management Act 1970 in so far as it relates to an unpaid amount in respect of the total liability of a company for an accounting period ending on or after 1st July 1999, other than an amount to which regulation 3ZA applies, the rate applicable under section 178 shall, subject to paragraph (2), be 8.5 per cent. per annum.

(2) Where on a reference date after 7th January 1999 the reference rate found on that date differs from the established rate, the rate applicable under section 178 for the purposes

(1) 1970 c. 9. Section 87A was inserted by section 85 of the Finance (No. 2) Act 1987 (c. 51), and the inserted section was amended by paragraph 10(4) of Schedule 29 to the Income and Corporation Taxes Act 1988 (c. 1), section 179(1)(b) of the Finance Act 1989, paragraph 2(9) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12), paragraph 4 of Schedule 14 and paragraph 1 of Schedule 18 to the Finance Act 1993 (c. 34), paragraph 24 of Schedule 19 to the Finance Act 1994, paragraphs 8 and 9 of Schedule 24 to the Finance Act 1995 (c. 4), paragraph 1 of Schedule 14 to the Finance Act 1996 (c. 8), paragraph 4 of Schedule 4 to the Finance Act 1998 and regulation 7 of the Corporation Tax (Instalment Payments) Regulations 1998.

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mentioned in paragraph (1) shall, on and after the next operative date, be the percentage per annum found by applying the formula specified in paragraph (3).

(3) The formula specified in this paragraph is–

$$RR + 2.5,$$

where

RR is the reference rate referred to in paragraph (2).”