

FINANCE ACT 2009

EXPLANATORY NOTES

INTRODUCTION

Section 103: Rates of Interest

Background Note

4. This section provides for regulations to be made that would establish a regime with a single rate of interest applied by HM Revenue & Customs (HMRC) on overpayments across all taxes, duties and penalties (other than repayments made as part of the corporation tax quarterly instalment payments regime). The regulations would also provide for a single rate of interest to apply late payments across all taxes, duties and penalties (other than payments made as part of the corporation tax quarterly instalment payments regime).
5. The section also provides the power to arrive at the prevailing rates of interest using formulae. The proposal is for HMRC to calculate interest by reference to the Bank of England base rate. Any rate changes would be made 13 working days after the Bank of England's Monetary Policy Committee make changes to the base rate.
6. This section also provides the power for regulations to be made that set different rates for different taxes, if appropriate. HMRC intends to apply separate rates to the corporation tax quarterly instalment payments regime.