
STATUTORY INSTRUMENTS

1989 No. 1297

The Taxes (Interest Rate) Regulations 1989

Applicable rate of interest on unpaid tax, tax repaid and repayment supplement

3.—(1) For the purposes of—

- (a) sections 86, 86A, 87 and 88 of the Taxes Management Act 1970(1),
- (b) paragraph 3 of Schedule 16A to the Finance Act 1973(2);
- (c) paragraphs 15 and 16 of Schedule 2, and paragraph 8 of Schedule 5, to the Oil Taxation Act 1975(3),
- (d) section 47 of the Finance (No. 2) Act 1975(4),
- (e) paragraph 59 of Schedule 8 to the Development Land Tax Act 1976(5),
- (f) section 92 of the Finance Act 1986(6), and
- (g) sections 824 and 825 of, and paragraph 3 of Schedule 19A to, the Income and Corporation Taxes Act 1988(7),

the rate applicable under section 178 shall, subject to paragraph (2), be 12.25 per cent. per annum.

(2) Where, on a reference date after the coming into force of these Regulations, the reference rate found on that date differs from the established rate, the rate applicable under section 178 for the purposes of the enactments referred to 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) and,

-
- (1) 1970 c. 9; section 86 was substituted by section 46(1) of the Finance (No. 2) Act 1975 (c. 45); the section as substituted was amended by sections 61(3) and 62(1) and (2) of the Finance Act 1980 (c. 48), by section 69(1) of the Finance Act 1982 (c. 39), by section 844(1) of, and paragraph 32 of Schedule 29 to, the Income and Corporation Taxes Act 1988 (c. 1) and by section 179(1) of the Finance Act 1989. Other modifications and applications of the section were made by section 46(2) of the Finance (No. 2) Act 1975 (c. 45), section 62(6) of the Finance Act 1981 (c. 35) and by section 26 of, and paragraph 13(9) of Schedule 5 to, the Finance Act 1983 (c. 28). Section 86A was inserted (for the purposes of development land tax only) by section 41 of, and paragraph 21(2) of Schedule 8 to, the Development Land Tax Act 1976 (c. 24) and amended by section 115(2) and section 122(4) of, and Part XIV of Schedule 20 to, the Finance Act 1980 (c. 48), by section 123(4) of the Finance Act 1984 (c. 43) and by section 179(1) of the Finance Act 1989. (The Development Land Tax Act 1976 (c. 24) was repealed by section 98(6) of, and Part X of Schedule 27 to, the Finance Act 1985 (c. 54)). Section 87 was substituted by section 111 of, and paragraph 10 of Schedule 24 to, the Finance Act 1972 (c. 41); the section as substituted was amended by section 46(3) of the Finance (No. 2) Act 1975 (c. 45), by section 62(1) and (2) of the Finance Act 1980 (c. 48), by section 844(1) of, and paragraph 32 of Schedule 29 to, the Income and Corporation Taxes Act 1988 (c. 1) and by section 179(1) of the Finance Act 1989. Section 88 was amended by section 37(1) of, and paragraph 87 of Schedule 6 to, the Finance Act 1971 (c. 68), section 111 of, and paragraph 11 of Schedule 24 to, the Finance Act 1972 (c. 41), section 46(4) of the Finance (No. 2) Act 1975 (c. 45), section 41 of, and (for the purposes of development land tax only) paragraph 22(1) of Schedule 8 to, the Development Land Tax Act 1976 (c. 24), by section 61(4) of the Finance Act 1980 (c. 48), by section 844(1) and (3) of, and paragraph 32 of Schedule 29 and Schedule 31 to, the Income and Corporation Taxes Act 1988 (c. 1) and by section 179(1) of the Finance Act 1989.
 - (2) 1973 c. 51; Schedule 16A was inserted by section 58(4) of the Finance Act 1988 (c. 39) and amended by section 179(1) of the Finance Act 1989.
 - (3) 1975 c. 22; paragraphs 15 and 16 of Schedule 2 and paragraph 8 of Schedule 5 were amended by section 2 of the Petroleum Revenue Tax Act 1980 (c. 1) and by section 179(1) of the Finance Act 1989.
 - (4) 1975 c. 45; section 47 was amended by paragraph 32 of Schedule 29 and by Schedule 31 to the Income and Corporation Taxes Act 1988 (c. 1), by Part IV of Schedule 14 to the Finance Act 1988 (c. 39) and by section 179(1) of the Finance Act 1989.
 - (5) 1976 c. 24; paragraph 59 of Schedule 8 was amended by sections 179(1) and 180(3) of the Finance Act 1989.
 - (6) 1986 c. 41; section 92 was amended by Schedule 7 to the Finance Act 1987 (c. 16) and by sections 179(1) and 180(5) of the Finance Act 1989.
 - (7) 1988 c. 1; sections 824 and 825 were amended by section 179(1) of the Finance Act 1989 and Schedule 19A was inserted by section 58(4) of the Finance Act 1988 (c. 39) and amended by section 179(1) of the Finance Act 1989.

if the result is not a multiple of one-quarter, rounding the result down to the nearest amount which is such a multiple.

(3) The formula specified in this paragraph is–

$$(RR + 2.5) \frac{(100 - BR)}{100},$$

where RR is the reference rate referred to in paragraph (2) and BR is the percentage at which income tax at the basic rate is charged for the year of assessment in which the reference date referred to in that paragraph falls.