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STATUTORY INSTRUMENTS

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**1998 No. 310**

**INCOME TAX**

**INHERITANCE TAX**

**TAXES**

**The Taxes (Interest Rate) (Amendment) Regulations 1998**

*Made* - - - - *12th February 1998*  
*Laid before the House of*  
*Commons* - - - - *16th February 1998*  
*Coming into force* - - *9th March 1998*

The Treasury, in exercise of the powers conferred on them by section 178 of the Finance Act 1989<sup>(1)</sup>, hereby make the following Regulations:

1. These Regulations may be cited as the Taxes (Interest Rate) (Amendment) Regulations 1998 and shall come into force on 9th March 1998.

2. In regulation 3(1) of the Taxes (Interest Rate) Regulations 1989<sup>(2)</sup>, after sub-paragraph (a) there shall be inserted the following sub-paragraphs—

“(aa) section 59C of the Taxes Management Act 1970<sup>(3)</sup>, as it applies to any income tax or capital gains tax which has become payable in accordance with—

(i) section 55<sup>(4)</sup> of that Act, so far as it relates to an amendment or assessment referred to in paragraphs (a) and (b) of sub-section (1) of that section, or

(ii) section 59B<sup>(5)</sup> of that Act,

(ab) section 103A<sup>(6)</sup> of the Taxes Management Act 1970, so far as it relates to—

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- (1) 1989 c. 26; section 178 was amended by paragraph 107 of Schedule 2 to the Social Security (Consequential Provisions) Act 1992 (c. 6), paragraph 19(4) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12), paragraph 5 of Schedule 11 to the Finance (No. 2) Act 1992 (c. 48), paragraph 44 of Schedule 19 to the Finance Act 1994 (c. 9), and by paragraph 30 of Schedule 7, paragraph 13 of Schedule 18, paragraph 8 of Schedule 29 and Part V(2) and (8) of Schedule 41, to the Finance Act 1996 (c. 8).
- (2) S.I. 1989/1297; a relevant amending instrument is S.I. 1996/3187.
- (3) 1970 c. 9; section 59C was inserted by section 194 of the Finance Act 1994 and was amended by section 109 of the Finance Act 1995 (c. 4).
- (4) Section 55(1) was amended by paragraphs 8(1) and 32 of Schedule 29 to the Income and Corporation Taxes Act 1988 (c. 1) and paragraph 18(1) of Schedule 19 to the Finance Act 1994.
- (5) Section 59B was inserted by section 193 of the Finance Act 1994, and was amended by section 115(6) of the Finance Act 1995, and sections 125(4) and 126(2) of the Finance Act 1996.
- (6) Section 103A was inserted by paragraph 33 of Schedule 19 to the Finance Act 1994.

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*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

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- (i) any person who may be required by a notice under section 8(7), 8A(8) or 12AA(9) of that Act (or under any of those sections as extended by section 12(10) of that Act) to make and deliver a return for a year of assessment or other period, and
- (ii) income tax or capital gains tax,”.

12th February 1998

*Graham Allen*  
*Bob Ainsworth*  
Two of the Lords Commissioners of Her  
Majesty’s Treasury

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- (7) Section 8 was inserted by section 90 of the Finance Act 1990 (c. 29) and was amended by sections 178(1) of the Finance Act 1994, section 104 of the Finance Act 1995, and section 121 of the Finance Act 1996.
  - (8) Section 8A was inserted by section 90 of the Finance Act 1990, and was amended by section 178 (2) of the Finance Act 1994, sections 103 and 104 of the Finance Act 1995, and section 121 of the Finance Act 1996.
  - (9) Section 12AA was inserted by section 184 of the Finance Act 1994, and was amended by sections 104 and 115(4) of the Finance Act 1995, and sections 121 and 123 of the Finance Act 1996.
  - (10) Section 12 was amended by section 157 of the Capital Gains Tax Act 1979 (c. 14), paragraph 32 of Schedule 29 to the Income and Corporation Taxes Act 1988, section 122 of the Finance Act 1988 (c. 39), section 123 of the Finance Act 1989 (c. 26), section 90 of the Finance Act 1990, paragraph 2 of Schedule 10 to the Taxation of Chargeable Gains Act 1992, and paragraph 23 of Part V of Schedule 26 to the Finance Act 1994.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, made under powers contained in section 178 of the Finance Act 1989 (“section 178” and “the 1989 Act” respectively), make provision for the rate of interest applicable for certain purposes of sections 59C and 103A of the Taxes Management Act 1970 (“section 59C”, “section 103A” and “Management Act” respectively).

Subsection (1) of section 178 provides that the rate of interest applicable for the purposes of the enactments to which that section applies is to be the rate provided for by regulations made by the Treasury under that section, and sub-section (3) of section 178 provides that such regulations may make different provision for different purposes of the same enactment. The Regulations so made are the Taxes (Interest Rate) Regulations 1989 (S.I.1989/1297, amended by S.I. 1996/3187) (“the Interest Rate Regulations”). Regulation 3 of the Interest Rate Regulations (as amended) specifies the interest rate applicable under section 178 in relation to various enactments. It also makes provision for changes in the applicable interest rate and for the formula to be used in calculating the new rate.

These Regulations provide for sections 59C and 103A to be added to the enactments to which regulation 3 of the Interest Rate Regulations applies, for the purposes mentioned below.

Section 59C makes provision in relation to surcharges on unpaid income tax and capital gains tax; and subsection (6) of section 59C provides that a surcharge imposed under subsection (2) or (3) of that section shall carry interest at the rate applicable under section 178 from the end of the period of 30 days beginning with the date on which the surcharge is imposed until payment.

These Regulations provide for interest to be charged on surcharges on unpaid income tax or capital gains tax payable in accordance with section 55 of the Management Act (“section 55”), so far as it relates to an amendment or assessment referred to in section 55(1)(a) or (b), or in accordance with section 59B of the Management Act.

Section 103A provides that a penalty under any of the provisions of Part II, IV, VA or X of the Management Act shall carry interest at the rate applicable under section 178 from the date on which it becomes due and payable until payment. (Part VA of the Management Act was inserted by sections 192 to 195 of the Finance Act 1994 (“the 1994 Act”). Section 103A is only in force so far as it relates to income tax and capital gains tax, under section 199(2)(a) of the 1994 Act, there having been no appointed day for corporation tax purposes, under section 199(2)(b) of the 1994 Act.

These Regulations provide for interest to be charged on penalties under Part II, IV, VA or X of the Management Act, so far as those penalties relate to persons who are within the Self-Assessment regime, and to income tax or capital gains tax.