
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Taxes (Interest Rate) Regulations 1989 (“the principal Regulations”) so as to provide for the rates of interest on unpaid and overpaid amounts of corporation tax in respect of accounting periods of companies ending on or after 1st July 1999 (corporation tax self-assessment).

Regulation 1 provides for citation and commencement, and regulation 2 for interpretation.

Regulation 3 amends regulation 2(1) of the principal Regulations (definitions) by defining the Corporation Tax (Instalment Payments) Regulations 1998 (S.I.1998/3175) (“the 1998 Regulations”) and amending the definitions of “operative date” and “reference date” in relation to interest on unpaid or overpaid amounts of tax arising prior to the day following the expiry of nine months from the end of the accounting period concerned (“the normal due date”).

Regulation 4 amends regulation 2(2) of the principal Regulations (definition of “reference rate”) so as to provide for rounding the result found by averaging base lending rates up to the nearest quarter where regulation 3ZA (inserted by regulation 6) applies, or down to the nearest quarter where regulation 3BA (inserted by regulation 8) applies.

Regulation 5 amends regulation 3A of the principal Regulations in consequence of the new regulations inserted by regulation 6 of these Regulations.

Regulation 6 inserts regulations 3ZA and 3ZB in the principal Regulations. Regulation 3ZA provides for the rate of interest arising on unpaid amounts of corporation tax payable by instalments by large companies prior to the normal due date in accordance with regulation 5 of the 1998 Regulations, and regulation 3ZB provides for the rate of interest arising on unpaid amounts of corporation tax payable by any company on or after that date.

Regulation 7 amends regulation 3B of the principal Regulations in consequence of the new regulations inserted by regulation 8 of these Regulations.

Regulation 8 inserts regulation 3BA and 3BB in the principal Regulations. Regulation 3BA provides for the rate of interest arising on overpaid amounts of corporation tax prior to the normal due date, and regulation 3BB provides for the rate of interest arising on overpaid amounts of corporation tax on or after that date.