



Finance Act 1989

1989 CHAPTER 26

PART III

MISCELLANEOUS AND GENERAL

Interest etc.

178 Setting of rates of interest.

- (1) The rate of interest applicable for the purposes of an enactment to which this section applies shall be the rate which for the purposes of that enactment is provided for by regulations made by the Treasury under this section.
- (2) This section applies to—
 - [^{F1}(aa) section 15A of the Stamp Act 1891;]
 - (a) section 8(9) of the ^{M1}Finance Act 1894,
 - (b) section 18 of the ^{M2}Finance Act 1896,
 - (c) section 61(5) of the ^{M3}Finance (1909-10) Act 1910,
 - (d) section 17(3) of the ^{M4}Law of Property Act 1925,
 - ^{F2}(e)
 - (f) [^{F3}sections ^{F4}... 86, 86A, 87, 87A, [^{F5}88], 103A] of the ^{M5}Taxes Management Act 1970,
 - (g) paragraph 3 of Schedule 16A to the ^{M6}Finance Act 1973,
 - [^{F6}(ga) section 48(1) of the Finance Act 1975,]
 - [^{F7}(gg) [^{F8}paragraph 6 of Schedule 1 to the Social Security Contributions and Benefits Act 1992],]
 - [^{F9}(gh) section 71(8A) of the ^{M7} Social Security Administration Act 1992, and section 69(8A) of the ^{M8} Social Security Administration (Northern Ireland) Act 1992, as they have effect in any case where the overpayment was made in respect of working families' tax credit or disabled person's tax credit;]
 - (h) paragraphs 15 and 16 of Schedule 2, and paragraph 8 of Schedule 5, to the ^{M9}Oil Taxation Act 1975,

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- [^{F10}(i) section 283 of the ^{M10}Taxation of Chargeable Gains Act 1992;]
- (j) paragraph 59 of Schedule 8 to the ^{M11}Development Land Tax Act 1976,
- (k) sections 233 [^{F11}, 235(1)] and 236(3) and (4) of the ^{M12}Inheritance Tax Act 1984,
- (l) section 92 of the Finance Act 1986, and
- (m) sections ^{F12} . . . ^{F13} . . . 824, 825 and 826 of, [^{F14}and paragraph 6B of Schedule 3 to] and paragraph 3 of Schedule 19A to, the ^{M13}Taxes Act 1988. [^{F15}and]
- ^{F16}(n) [^{F17}and
- (o) section 14(4) of the Ports Act 1991.]
- [^{F18}(p) paragraph 8 of Schedule 4 to the Tax Credits Act 1999., ^{F19} ...]
- [^{F20}[^{F21}(q)] section 110 of the Finance Act 1999.]
- [^{F22}(q) paragraph 8 of Schedule 1 to the Employment Act 2002.]
- [^{F23}(r) paragraph 8 of Schedule I to the Employment (Northern Ireland) Order 2002.][^{F24}, and
- (s) Chapter 7 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003.]
- [^{F25}(t) sections 87, 88 and 89 of the Finance Act 2003], ^{F26} ...
- ^{F27}(u) ^{F28}[^{F29} ...
- (v) section 79 of FA 2015],
- [^{F30}(w) sections 67 and 68 of the Finance Act 2020.]
- [^{F31}(x) paragraphs 33 and 51 of Schedule 14 to the Finance Act 2023.]
- [^{F32}(y) paragraphs 33 and 51 of Schedule 14 to the Finance (No.2) Act 2023, as applied in relation to domestic top-up tax by paragraph 4 of Schedule 18 to that Act.]

- (3) Regulations under this section may—
- (a) make different provision for different enactments or for different purposes of the same enactment,
 - (b) either themselves specify a rate of interest for the purposes of an enactment or make provision for any such rate to be determined by reference to such rate or the average of such rates as may be referred to in the regulations,
 - (c) provide for rates to be reduced below, or increased above, what they otherwise would be by specified amounts or by reference to specified formulae,
 - (d) provide for rates arrived at by reference to averages to be rounded up or down,
 - (e) provide for circumstances in which alteration of a rate of interest is or is not to take place, and
 - (f) provide that [^{F33}rates or] alterations of rates are to have effect for periods beginning on or after a day determined in accordance with the regulations in relation to interest running from before that day as well as from or from after that day.

(4) The power to make regulations under this section shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.

- ^{F34}(5)
- ^{F35}(6)
- ^{F36}(7)

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Textual Amendments

- F1** S. 178(2)(aa) inserted (27.7.1999 with application to instruments executed on or after 1.10.1999) by 1999 c. 16, **ss. 109(2)(4), 123(4)**
- F2** S. 178(2)(e) repealed (13.10.2003) by Land Registration Act 2002 (c. 9), s. 136(2), **Sch. 13** (with s. 129, Sch. 12 para. 1); S.I. 2003/1725, art. 2(1)
- F3** Words in s. 178(2)(f) substituted (1.9.1994 with effect as mentioned in s. 199 of the amending Act) by 1994 c. 9, s. 196, **Sch. 19 Pt. III para. 44**; S.I. 1998/3173, **art. 2**
- F4** Word in s. 178(2)(f) omitted (1.4.2011) by virtue of The Finance Act 2009, Schedules 55 and 56 (Income Tax Self Assessment and Pension Schemes) (Appointed Days and Consequential and Savings Provisions) Order 2011 (S.I. 2011/702), arts. 1(1), **12** (with arts. 20, 22)
- F5** Words in s. 178(2)(f) repealed (29.4.1996 with effect as specified in Sch. 18 para. 17 of the amending Act) by 1996 c. 8, ss. 132, 205, Sch. 18 para. 13, **Sch. 41 Pt. V(8)**, note
- F6** S. 178(2)(ga) inserted (21.7.2009) by Finance Act 2009 (c. 10), **s. 105(5)(a)**
- F7** S. 178(2)(gg) inserted (6.4.1992) (E.W.S.) by Social Security Act 1990 (c. 27, SIF 113:1) s. 17(10); S.I. 1992/632, **art. 2**
- F8** Words in s. 178(2)(gg) substituted (1.7.1992) by Social Security (Consequential Provisions) Act 1992 (c. 6), ss. 4, 7(2), **Sch. 2 para. 107**
- F9** S. 178(2)(gh) inserted (5.10.1999) by 1999 c. 10, ss. 2, 20(2), **Sch. 2 Pt. IV para. 10(2)**
- F10** s. 178(2)(i) substituted (in relation to tax for the year 1992-1993 and subsequent years subject as mentioned in s. 289 of the substituting Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 10 para. 19(4)** (with ss. 60, 101(1), 171, 201(3))
- F11** Word in s. 178(2)(k) inserted (21.7.2009) by Finance Act 2009 (c. 10), **s. 105(5)(b)**
- F12** Words in s. 178(2)(m) repealed (28.7.2000 with effect as mentioned in s. 11(6) of the amending Act) by 2000 c. 17, s. 156, **Sch. 40 Pt. II(17)**, Note 1
- F13** Words in s. 178(2)(m) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, Sch. 6 para. 162(a), **Sch. 8 Pt. 1** (with Sch. 7)
- F14** Words in s. 178(2)(m) repealed (29.4.1996 with effect as mentioned in Sch. 7 paras. 32-35 of the amending Act) by 1996 c. 8, ss. 79(2), 205, Sch. 7 para. 30, **Sch. 41 Pt. V(2)**, note
- F15** “and” inserted by Finance Act 1990 (c. 29, SIF 58), **s.118(8)**
- F16** S. 178(2)(n) repealed (1.5.1995) by 1995 c. 4, s. 162, **Sch. 29 Pt. XII**
- F17** S. 178(2)(o) and word immediately preceding it inserted (G.B.) by Ports Act 1991 (c. 52, SIF 58), **s. 14(5)**.
- F18** It is provided that s. 178(2)(p) shall be inserted (5.10.1999) by 1999 c. 10, ss. 10(4), 20(2), **Sch. 4 para. 8(1)**
- F19** Word in s. 178(2)(p) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, Sch. 6 para. 162(b), **Sch. 8 Pt. 1** (with Sch. 7)
- F20** S. 178(2)(p) and word “and” preceding inserted (27.7.1999 with application in relation to instruments executed on or after 1.10.1999) by 1999 c. 16, **ss. 110(9)(10), 123(4)**
- F21** S. 178(2)(q) renumbered (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, **Sch. 6 para. 162(c)** (with Sch. 7)
- F22** S. 178(2)(q) inserted (E.W.S.) (8.12.2002) by 2002 c. 22, ss. 11, 12, **Sch. 1 para. 8(1)(2)**; S.I. 2002/2866, art. 2(2), **Sch. 1 Pt. 2**
- F23** S. 178(2)(r) inserted (8.12.2002) by S.I. 2002/2836 (N.I. 2), art. 13(6), **Sch. 1 para. 8(1)** (with art. 16); S.R. 2002/356, art. 2(2), **Sch. 1 Pt. II**
- F24** S. 178(2)(s) and preceding word inserted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), s. 723, **Sch. 6 para. 162(d)** (with Sch. 7)
- F25** S. 178(2)(t) added (10.7.2003) by Finance Act 2003 (c. 14), **Sch. 18 para. 4**

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- F26** Word in s. 178(2) omitted (with effect in accordance with s. 116(1) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\), s. 115\(4\)](#)
- F27** S. 178(2)(u) omitted (12.2.2019) by virtue of [Finance Act 2019 \(c. 1\), s. 88\(2\)\(a\)](#)
- F28** Word in s. 178(2)(u) omitted (22.7.2020) by virtue of [Finance Act 2020 \(c. 14\), Sch. 10 para. 2\(2\)](#)
- F29** S. 178(2)(v) and word inserted (with effect in accordance with s. 116(1) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 115\(4\)](#)
- F30** S. 178(2)(w) inserted (22.7.2020) by [Finance Act 2020 \(c. 14\), Sch. 10 para. 2\(3\)](#)
- F31** [S. 178\(2\)\(x\)](#) inserted (with effect in relation to accounting periods commencing on or after 31.12.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 264, Sch. 14 para. 68\(2\)](#)
- F32** [S. 178\(2\)\(y\)](#) inserted (with effect in relation to accounting periods commencing on or after 31.12.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 278, Sch. 18 para. 7\(2\)](#)
- F33** Words in s. 178(3)(f) inserted (12.2.2019) by [Finance Act 2019 \(c. 1\), s. 88\(2\)\(b\)](#)
- F34** S. 178(5) omitted (21.7.2009) by virtue of [Finance Act 2009 \(c. 10\), s. 105\(6\)\(a\)](#)
- F35** S. 178(6) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 3 Pt. 1 \(with Sch. 2\)](#)
- F36** S. 178(7) omitted (12.2.2019) by virtue of [Finance Act 2019 \(c. 1\), s. 88\(2\)\(c\)](#)

Modifications etc. (not altering text)

- C1** S. 178 applied by [Ports Act 1991 \(c. 52, SIF 58\), s. 14\(4\)](#).
S. 178 applied (27.7.1993) by [1993 c. 34, s. 173, Sch. 19 Pt. II para. 11\(4\)](#)
S. 178 applied (1.9.1994 with effect as mentioned in s. 199 of 1994 c. 9) by [1970 c. 9, s. 59C](#) (as inserted by [1994 c. 9, s. 194](#)); [S.I. 1998/3173](#), art. 2
S. 178 applied (1.5.1995) by [1995 c. 4, s. 157\(6\)](#)
S. 178 extended (1.5.1995) by [1995 c. 4, s. 157\(6\)](#)
S. 178 applied (31.7.1997) by [1997 c. 58, s. 3, Sch. 2 para. 12\(4\)](#)
S. 178 applied (27.7.1999 with application to instruments executed on or after 1.10.1999) by [1891 c. 39, s. 15A\(3\)](#) (as substituted (27.7.1999 with application to instruments executed on or after 1.10.1999) by [1999 c. 16, s. 109\(1\)\(4\)](#))
S. 178 applied (27.7.1999 with application in relation to instruments executed on or after 1.10.1999) by ss. 110(1)-(5)(10), 123(4)
S. 178 applied (5.10.1999) by [1999 c. 10, ss. 10\(4\), 20\(2\), Sch. 4 para. 8\(2\)](#)
S. 178 applied (1.4.2000) by [S.I. 2000/944, art. 25](#)
S. 178 applied (1.4.2000) by [S.I. 2000/944, art. 41\(1\)](#)
S. 178 applied (1.4.2000) by [S.I. 2000/944, art. 46\(1\)](#)
S. 178 applied (1.3.2003) by [S.I. 2002/2172, reg. 8\(13\)](#)
- C2** S. 178 applied (6.4.2007) by [The Income Tax \(Construction Industry Scheme\) Regulations 2005 \(S.I. 2005/2045\), regs. 1, 15\(5\)](#) (with reg. 60, Sch. 1)
- C3** S. 178 applied (6.4.2007) by [The Income Tax \(Construction Industry Scheme\) Regulations 2005 \(S.I. 2005/2045\), regs. 1, 14\(6\)](#) (with reg. 60, Sch. 1)
- C4** S. 178 applied by [SR 2009/128, reg. 34](#) (as substituted (N.I.) (31.10.2011) by [The Education \(Student Loans\) \(Repayment\) \(Amendment\) Regulations \(Northern Ireland\) 2011 \(S.R. 2011/137\), regs. 1\(2\), 8](#))
- C5** S. 178 applied by [S.I. 2009/470 reg. 39\(2\)\(a\)\(5\)\(a\)](#) (as substituted (31.10.2011) by [The Education \(Student Loans\) \(Repayment\) \(Amendment\) Regulations 2011 \(S.I. 2011/784\), regs. 1\(2\), 8](#))
- C6** S. 178 applied (17.7.2014) by [Finance Act 2014 \(c. 26\), Sch. 35 para. 11\(1\)](#)
- C7** S. 178 applied (with effect in accordance with s. 116(1) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 79\(1\)](#)
- C8** S. 178 applied by [2010 c. 4, s. 357YR\(3\)](#) (as inserted (with effect in accordance with s. 38(9)-(12) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 38\(3\)](#))
- C9** *For regulations see S.I. 1989/1297 (in Part III Vol. 5). And see Tables I and O Vol. 1*
- C10** Power of appointment conferred by s. 178(7) partly exercised: 18.8.1989 appointed by [S.I. 1989/1298](#) for all the enactments specified in s. 178(2) other than s. 87A of the 1970 Act and s. 826 of the 1988 Act

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Marginal Citations

- M1** 1894 c. 30.
- M2** 1896 c. 28.
- M3** 1910 c. 8.
- M4** 1925 c. 20.
- M5** 1970 c. 9.
- M6** 1973 c. 51.
- M7** 1992 c.5.
- M8** 1992 c.8.
- M9** 1975 c. 22.
- M10** 1992 c. 12.
- M11** 1976 c. 24.
- M12** 1984 c. 51.
- M13** 1986 c. 41.

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