



# Finance Act 1996

## 1996 CHAPTER 8

### PART VII

#### MISCELLANEOUS AND SUPPLEMENTAL

##### *Miscellaneous: indirect taxation*

#### **197 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—
  - <sup>F1</sup>(a) [<sup>F2</sup>paragraphs 7 and 8(1)] of Schedule 6 to the Finance Act 1994 (interest payable to the Commissioners of Customs and Excise in connection with air passenger duty);]
  - (b) [<sup>F3</sup>sections 60(6), (7) and (8) of and] paragraphs 21 and 22 of Schedule 7 to that Act (interest on amounts of insurance premium tax and on amounts payable by the Commissioners in respect of that tax);
  - (c) sections [<sup>F4</sup>74, 78 and 85A(2) and (3)] of the <sup>M1</sup>Value Added Tax Act 1994 (interest on VAT recovered or recoverable by assessment and interest payable in cases of official error); <sup>F5</sup> . . .
  - (d) [<sup>F6</sup>sections 56(3) to (5) of and] paragraphs 26 and 29 of Schedule 5 to this Act (interest payable to or by the Commissioners in connection with landfill tax)and
  - <sup>F7</sup>(e) paragraph 17 of Schedule 5 to the Finance Act 1997 (interest on amounts repayable in respect of overpayments by the Commissioners in connection with excise duties, insurance premium tax and landfill tax).]
  - <sup>F8</sup>(f) sections 126 and 127 of the Finance Act 1999 (interest on overdue customs duty and on repayments of amounts paid by way of customs duty).]
  - <sup>F9</sup>(g) the following provisions of Schedule 6 to the Finance Act 2000 (interest payable to or by the Commissioners in connection with climate change levy),

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Cross Heading: Miscellaneous: indirect taxation. (See end of Document for details)*

---

that is to say, paragraphs 41(2)(f), 62(3)(f), 66, 70(1)(b) <sup>F10</sup>, 81(3) and 123(4) to (6) ] .]

<sup>F11</sup>(h) the following provisions of the Finance Act 2001 (interest payable to or by the Commissioners in connection with aggregates levy), that is to say—

- (i) sections 25(2)(f) <sup>F12</sup>, 30(3)(f) and 42(4) to (6) ] ;
- (ii) <sup>F13</sup>paragraphs 6 and 8(3)(a)] of Schedule 5; and
- (iii) paragraphs 2 and 6(1)(b) of Schedule 8.]

<sup>F14</sup>(i) Parts 2 and 3 of Schedule 3 to the Finance Act 2001 (interest payable on repayments etc.).]

(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, and to change from time to time, 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 or formulae to be rounded up or down,
- (e) provide for circumstances in which changes of rates of interest are or are not to take place, and
- (f) provide that changes 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 in relation to interest running from, or from after, that day.

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

<sup>F15</sup>(5) .....

(6) The words “ the rate applicable under section 197 of the Finance Act 1996 ” shall be substituted—

- (a) for the words “the specified rate” in each of paragraphs 7(1) and (3) and 9(1) of Schedule 6 to the <sup>M2</sup>Finance Act 1994 (air passenger duty);
- (b) for the words “the prescribed rate” in each of sub-paragraphs (1) and (3) of paragraph 21 of Schedule 7 to that Act (insurance premium tax);
- (c) for the words from “such rate” onwards in sub-paragraph (2) of paragraph 22 of that Schedule; and
- (d) in the <sup>M3</sup>Value Added Tax Act 1994—
  - (i) for the words “the prescribed rate” in each of subsections (1), (2) and (4) of section 74, and
  - (ii) for the words from “such rates” onwards in subsection (3) of section 78.

(7) Subsections (1) and (6) above shall have effect for periods beginning on or after such day as the Treasury may by order made by statutory instrument appoint and shall have effect in relation to interest running from before that day, as well as in relation to

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Cross Heading: Miscellaneous: indirect taxation. (See end of Document for details)*

interest running from, or from after, that day; and different days may be appointed under this subsection for different purposes.

#### Subordinate Legislation Made

**P1** S. 197(7) power exercised (20.3.1997): 1.4.1997 appointed by S.I. 1997/1015, **art. 2**

#### Textual Amendments

- F1** S. 197(2)(a) substituted (1.11.2001) by 2001 c. 9, s. 15, **Sch. 3 para. 18(2)**; S.I. 2001/3300, **art. 2**
- F2** Words in s. 197(2)(a) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 239(2)(a)**
- F3** Words in s. 197(2)(b) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 239(2)(b)**
- F4** Words in s. 197(2)(c) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 239(2)(c)**
- F5** Word in s. 197(2)(c) repealed (19.3.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. V(1)**
- F6** Words in s. 197(2)(d) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 239(2)(d)**
- F7** S. 197(2)(e) inserted (19.3.1997) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. V para. 21**
- F8** S. 197(2)(f) inserted (27.7.1999) by 1999 c. 16, s. 130(3)
- F9** S. 197(2)(g) inserted (28.7.2000) by 2000 c. 17, s. 30(2), **Sch. 7 para. 6**
- F10** Words in s. 197(2)(g) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 239(2)(e)**
- F11** S. 197(2)(h) inserted (11.5.2001) by 2001 c. 9, s. 49(2)
- F12** Words in s. 197(2)(h)(i) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 239(2)(f)**
- F13** Words in s. 197(2)(h)(ii) substituted (retrospective to 1.4.2002) by Finance Act 2002 (c. 23), s. 132(2) **(3)**
- F14** S. 197(2)(i) inserted (1.11.2001) by 2001 c. 9, s. 15, **Sch. 3 para. 18(3)**; S.I. 2001/3300, **art. 2**
- F15** S. 197(5) omitted (21.7.2009) by virtue of Finance Act 2009 (c. 10), s. 105(6)(b)

#### Modifications etc. (not altering text)

- C1** S. 197 applied (19.3.1997) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. V para. 17(1)**  
S. 197 applied (27.7.1999 with effect as mentioned in s. 126(8) of the amending Act and art. 2 of S.I. 2000/632) by 1999 c. 16, s. 126(2)(4); S.I. 2000/632, **art. 2**  
S. 197 applied (27.7.1999 with effect as mentioned in s. 127(11) of the amending Act and art. 2 of S.I. 2000/632) by 1999 c. 16, s. 127(7); S.I. 2000/632, **art. 2**  
S. 197 applied (11.5.2001) by 2001 c. 9, s. 27, **Sch. 5 para. 6(3)**  
S. 197 applied (11.5.2001) by 2001 c. 9, s. 27, **Sch. 5 para. 8(3)(a)**  
S. 197 applied (11.5.2001) by 2001 c. 9, s. 32, **Sch. 8 para. 2(12)**  
S. 197 applied (11.5.2001) by 2001 c. 9, s. 32, **Sch. 8 para. 6(1)(b)**  
S. 197 applied (1.11.2001) by 2001 c. 9, s. 15, Sch. 3 paras. 13, 21; S.I. 2001/3300, **art. 2**
- C2** S. 197 extended (27.7.1999 with effect as mentioned in s. 126(8) of the amending Act and art. 2 of S.I. 2000/632) by 1999 c. 16, s. 126(3)(4); S.I. 2000/632, **art. 2**

#### Marginal Citations

- M1** 1994 c. 23.  
**M2** 1994 c. 9.  
**M3** 1994 c. 23.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1996, Cross Heading:  
Miscellaneous: indirect taxation.