
STATUTORY INSTRUMENTS

2017 No. 305

INCOME TAX

The Taxes (Interest Rate) (Amendment) Regulations 2017

<i>Made</i>	- - - -	<i>8th March 2017</i>
<i>Laid before the House of Commons</i>	- - - -	<i>9th March 2017</i>
<i>Coming into force</i>	- -	<i>6th April 2017</i>

These Regulations are made by the Treasury in exercise of the powers conferred by section 178(1) and (2)(s) of the Finance Act 1989(1).

Citation and commencement

1. These Regulations may be cited as the Taxes (Interest Rate) (Amendment) Regulations 2017 and come into force on 6th April 2017.

Amendment of the Taxes (Interest Rate) Regulations 1989

2. In regulation 5 of the Taxes (Interest Rate) Regulations 1989(2), in paragraph (1) for “on and after 6th April 2015, be 3.00 per cent per annum” substitute “on and after 6th April 2017, be 2.50 per cent per annum”.

8th March 2017

Robert Syms
Andrew Griffiths
Two of the Lords Commissioners of Her Majesty’s Treasury

(1) 1989 c. 26; paragraph (s) of section 178(2) was inserted by paragraph 162(d) of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1).
(2) S.I. 1989/1297; relevant amending instruments are S.I. 1994/1307, 1994/1567, 2009/199 and 2015/411.

Status: This is the original version (as it was originally made).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

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Taxes (Interest Rate) Regulations 1989 (S.I. 1989/1297) (the “1989 Regulations”).

Chapter 7 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (“ITEPA”) provides that tax is chargeable on an employment-related loan to the extent that the interest rate it carries is lower than the official rate. Section 181 ITEPA in effect defines that official rate as the rate prescribed in regulation 5 of the 1989 Regulations.

Regulation 2 reduces the generally applicable official rate of interest from 3.00 to 2.50 per cent per annum with effect from 6th April 2017. It does not affect the modified official rates that apply in relation to Japan and Switzerland, which are prescribed in regulation 5(2) of the 1989 Regulations.

A Tax Information and Impact Note has not been prepared for this instrument as it contains no substantive changes to tax policy.