



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—
 - (a) paragraphs 7 and 9 of Schedule 6 to the ^{M1}Finance Act 1994 (interest payable to or by the Commissioners of Customs and Excise in connection with air passenger duty);
 - (b) 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 74 and 78 of the ^{M2}Value Added Tax Act 1994 (interest on VAT recovered or recoverable by assessment and interest payable in cases of official error); ^{F1} . . .
 - (d) paragraphs 26 and 29 of Schedule 5 to this Act (interest payable to or by the Commissioners in connection with landfill tax) ^{F2} . . .
 - [^{F3}(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).]
- (3) Regulations under this section may—
 - (a) make different provision for different enactments or for different purposes of the same enactment,

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- (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.
- (5) Where—
- (a) regulations under this section provide, without specifying the rate determined in accordance with the regulations, for a new method of determining the rate applicable for the purposes of any enactment, or
 - (b) the rate which, in accordance with regulations under this section, is the rate applicable for the purposes of any enactment changes otherwise than by virtue of the making of regulations specifying a new rate,
- the Commissioners of Customs and Excise shall make an order specifying the new rate and the day from which, in accordance with the regulations, it has effect.
- (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 ^{M3}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 ^{M4}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 interest running from, or from after, that day; and different days may be appointed under this subsection for different purposes.

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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 Word in s. 197(2)(c) repealed (19.3.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. V(1)**

F2 Word in s. 197(2)(d) repealed (27.7.1999) by 1999 c. 16, s. 139, **Sch. 20 Pt. VI**

F3 S. 197(2)(e) inserted (19.3.1997) by 1997 c. 16, s. 50(1), **Sch. 5 Pt. V para. 21**

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) by 1999 c. 16, s. **126(2)(4)**; S.I. 2000/632, **art. 2**

S. 197 extended (27.7.1999 with effect as mentioned in s. 126(8) of the amending Act) by 1999 c. 16, s. **126(3)(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) by 1999 c. 16, s. **127(7)**; S.I. 2000/632, **art. 2**

Marginal Citations

M1 1994 c. 9.

M2 1994 c. 23.

M3 1994 c. 9.

M4 1994 c. 23.

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