
STATUTORY INSTRUMENTS

1987 No. 887

CAPITAL TRANSFER TAX

**The Inheritance Tax and Capital Transfer
Tax (Interest on Unpaid Tax) Order 1987**

<i>Made</i>	- - - -	<i>13th May 1987</i>
<i>Laid before the House of Commons</i>	- - - -	<i>14th May 1987</i>
<i>Coming into force</i>	- -	<i>6th June 1987</i>

The Treasury, in exercise of the powers conferred on them by section 233 of the Inheritance Tax Act 1984 (1), hereby make the following Order:

1. This Order may be cited as the Inheritance Tax and Capital Transfer Tax (Interest on Unpaid Tax) Order 1987 and shall come into force on 6th June 1987.
2. The rate prescribed for the purposes of section 233 of the Inheritance Tax Act 1984 (interest on unpaid tax) shall be 6 per cent. per annum and shall apply in each of the cases referred to in paragraphs (a) and (b) of section 233(2).

13th May 1987

Peter Lloyd
Mark Lennox-Boyd
Two of the Lords Commissioners of Her
Majesty's Treasury

(1) 1984 c. 51; section 233(1)(c) was amended by section 94 of, and paragraph 11 of Schedule 26 to, the Finance Act 1985 (c. 54). Section 233(2) was amended by section 101(3) of, and paragraph 32 of Schedule 19 to, the Finance Act 1986 (c. 41), with respect to transfers of value made and other events occurring after 17th March 1986. By virtue of section 100(1) and (2) of the Finance Act 1986, on and after 25th July 1986 the Capital Transfer Tax Act 1984 may be cited as the Inheritance Tax Act 1984, and any reference in that Act to capital transfer tax is to have effect as a reference to inheritance tax, except where the reference relates to a liability arising before 25th July 1986.

Status: This is the original version (as it was originally made).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 Order)

This Order reduces with effect from 6th June 1987 the annual rate of interest on unpaid inheritance tax, or unpaid capital transfer tax where the liability to tax arose before 25th July 1986, payable under section 233 of the Inheritance Tax Act 1984 (formerly the Capital Transfer Tax Act 1984). The annual rate is reduced to 6 per cent. This reduction also has effect in relation to repayments of capital transfer tax or inheritance tax since, by virtue of section 235 of the Act, these carry interest at the rate applicable to unpaid tax under section 233. Section 236 of the Act, as amended by paragraph 33 of Schedule 19 to the Finance Act 1986, applies the provisions of section 233 to certain special cases where tax has been overpaid or underpaid.

The previous rate was 8 per cent. with effect from 16th December 1986 (S.I. 1986/1944). Immediately before 16th December 1986 rates of 9 per cent. and 11 per cent. applied with respect to transfers of value made and other events occurring after 17th March 1986 by section 233(2) (as amended by paragraph 32 of Schedule 19 to the Finance Act 1986) and originally in relation to capital transfer tax by S.I. 1985/560 with effect from 1st May 1985. Prior to this date the rates were 6 per cent. and 8 per cent. respectively with effect from 1st December 1982 (S.I. 1982/1585), 9 per cent. and 12 per cent. respectively with effect from 1st January 1980 (S.I. 1979/1688), and 6 per cent. and 9 per cent. respectively prior to 1st January 1980 (paragraph 19 of Schedule 4 to the Finance Act 1975 (c. 7)).