

STATUTORY INSTRUMENTS

1989 No. 1297

The Taxes (Interest Rate) Regulations 1989

Applicable rate of interest on unpaid inheritance tax, capital transfer tax and estate duty

4.—(1) For the purposes of—

- (a) section 8(9) of the Finance Act 1894(1),
- (b) section 18 of the Finance Act 1896(2),
- (c) section 61(5) of the Finance Act (1909–10) Act 1910(3),
- (d) section 17(3) of the Law of Property Act 1925(4),
- (e) section 73(6) of the Land Registration Act 1925(5), and
- (f) sections 233 and 236(3) and (4) of the Inheritance Tax Act 1984(6),

the rate applicable under section 178 shall, subject to paragraph (2), be 11 per cent. per annum.

(2) Where, on a reference date after the coming into force of these Regulations, the reference rate found on that date differs from the established rate, the rate applicable under section 178 for the purposes of the enactments referred to in paragraph (1) shall, on and after the next operative date, be the percentage per annum found by applying the formula specified in paragraph (3) and, if the result is not a whole number, rounding the result down to the nearest such number.

(3) The formula specified in this paragraph is—

$$(\text{RR} + 2) \frac{(100 - \text{BR})}{100} - 1,$$

where RR is the reference rate referred to in paragraph (2) and BR is the percentage at which income tax at the basic rate is charged for the year of assessment in which the reference date referred to in that paragraph falls.

Commencement Information

II Reg. 4 in force at 18.8.1989, see [reg. 1](#)

- (1) 1894 c. 30; section 8(9) was amended by section 179(2) of the Finance Act 1989.
- (2) 1896 c. 28; section 18 was amended by section 179(1) of the Finance Act 1989.
- (3) 1910 c. 8; section 61(5) was amended by section 9 of the Finance Act 1912 (c. 8) and section 179(1) of the Finance Act 1989.
- (4) 1925 c. 20; section 17(3) was amended by section 179(1) of the Finance Act 1989.
- (5) 1925 c. 21; section 73(6) was amended by section 179(1) of the Finance Act 1989.
- (6) 1984 c. 51; subsection (1)(c) of section 233 was amended by section 94 of, and paragraph 11 of Schedule 26 to, the Finance Act 1985 (c. 54), in relation to events on or after 19th March 1985. Subsection (1) was amended, and subsection (1A) was inserted, by section 60(1) and (3) and section 60(2) and (3), respectively, of the Finance Act 1987 (c. 16), where the acceptance referred to in section 230 of the Inheritance Tax Act 1984 occurs on or after 17th March 1987. Subsection (1) was further amended by section 179(1) of the Finance Act 1989. Subsection (2) of section 233 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, and by section 179(1) of the Finance Act 1989. Section 236(4) was amended by section 179(3) of the Finance Act 1989. By virtue of section 100(1) and (2) of the Finance Act 1986, on and after 25th July 1986 and 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.

Changes to legislation: *There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Taxes (Interest Rate) Regulations 1989. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)*

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Changes and effects yet to be applied to :

- reg. 4(1)(f) words omitted by S.I. 2009/2032 reg. 12(2)(a)
- reg. 4(2) words omitted by S.I. 2009/2032 reg. 12(3)
- reg. 4(3) substituted by S.I. 2009/2032 reg. 12(4)

Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- reg. 2(1)(a) word omitted by S.I. 2009/2032 reg. 3(2)(b)
- reg. 2(1)(a) word substituted by S.I. 2009/2032 reg. 3(2)(a)
- reg. 2(2)(i)-(iii) and word substituted for words by S.I. 1998/3176 reg. 4
- reg. 2A inserted by S.I. 2008/3234 reg. 2(3)
- reg. 2A omitted by S.I. 2009/2032 reg. 4
- reg. 3-3AB substituted for reg. 3 by S.I. 1996/3187 reg. 2
- reg. 3(1)(h) and word inserted by S.I. 1993/758 reg. 2(b)
- reg. 3(1)(aa)(ab) inserted by S.I. 1998/310 reg. 2
- reg. 3(1)(aa) omitted by S.I. 2011/702 art. 16
- reg. 3(1)(ba) inserted by S.I. 2001/254 reg. 2
- reg. 3A3B inserted by S.I. 1993/2212 reg. 2
- reg. 003A(1) words inserted by S.I. 1998/3176 reg. 5
- reg. 3A(2) words omitted by S.I. 2009/2032 reg. 8(2)
- reg. 3A(3) substituted by S.I. 2009/2032 reg. 8(3)
- reg. 3B words inserted by S.I. 1998/3176 reg. 7
- reg. 3B(2) words substituted by S.I. 2009/2032 reg. 9(2)
- reg. 3B(3) substituted by S.I. 2009/2032 reg. 9(3)
- reg. 3AA(1) words inserted by S.I. 1999/2637 reg. 3
- reg. 3AA(1) words substituted by S.I. 2001/204 reg. 4(b)
- reg. 3AA(1)(c) words omitted by S.I. 2009/2032 reg. 5(2)(a)
- reg. 3AA(1)(d) omitted by S.I. 2009/2032 reg. 5(2)(b)
- reg. 3AA(1)(e) omitted by S.I. 1999/2538 reg. 4
- reg. 3AA(1)(f) omitted by S.I. 2009/2032 reg. 5(2)(b)
- reg. 3AA(1)(aa) inserted by S.I. 2001/204 reg. 4(a)
- reg. 3AA(2) words omitted by S.I. 2009/2032 reg. 5(3)
- reg. 3AA(3) substituted by S.I. 2009/2032 reg. 5(4)
- reg. 3AB(1) word omitted by S.I. 1999/2538 reg. 5(a)
- reg. 3AB(1)(d)(e) and word inserted by S.I. 1999/2538 reg. 5(b)
- reg. 3AB(1)(d) word omitted by S.I. 2005/2462 reg. 4(2)
- reg. 3AB(1)(e) word inserted by S.I. 2005/2462 reg. 4(3)
- reg. 3AB(1)(f) inserted by S.I. 2005/2462 reg. 4(4)
- reg. 3AB(2) words substituted by S.I. 2009/2032 reg. 7(2)
- reg. 3AB(3) substituted by S.I. 2009/2032 reg. 7(3)
- reg. 3AC inserted by S.I. 1999/2637 reg. 4
- reg. 3BA3BB inserted by S.I. 1998/3176 reg. 8
- reg. 3BA(2) words substituted by S.I. 2009/2032 reg. 10(2)
- reg. 3BB words substituted by S.I. 2009/2032 reg. 11(2)
- reg. 3BB(1) words inserted by S.I. 1999/1928 reg. 3(a)
- reg. 3BB(1) words inserted by S.I. 1999/1928 reg. 3(b)
- reg. 3ZA3ZB inserted by S.I. 1998/3176 reg. 6

- reg. 3ZA(4) formula substituted by S.I. 2000/893 reg. 2(1)
- reg. 3ZC-3ZE inserted by S.I. 2020/995 reg. 2(3)
- reg. 3AAA inserted by S.I. 2009/2032 reg. 6
- reg. 4(1)(g) inserted by S.I. 2009/2032 reg. 12(2)(b)
- reg. 4A inserted by S.I. 2009/2032 reg. 13
- reg. 5A inserted by 2019 c. 1 s. 88(4)(b)