
STATUTORY INSTRUMENTS

1993 No. 2212

INCOME TAX

INHERITANCE TAX

TAXES

The Taxes (Interest Rate) (Amendment No. 3) Regulations 1993

Made - - - - 8th September 1993
Laid before the House of
Commons - - - - 9th September 1993
Coming into force - - 1st October 1993

The Treasury, in exercise of the powers conferred on them by section 178 of the Finance Act 1989(1), hereby make the following Regulations:

1. These Regulations may be cited as the Taxes (Interest Rate) (Amendment No. 3) Regulations 1993 and shall come into force on 1st October 1993.
2. After regulation 3 of the Taxes (Interest Rate) Regulations 1989(2) there shall be inserted—

“Applicable rate of interest on overdue corporation tax

3A.—(1) For the purposes of section 87A of the Taxes Management Act 1970(3), the rate applicable under section 178 shall, subject to paragraph (2), be 6.25 per cent. per annum.

(2) Where, on a reference date after 1st October 1993, the reference rate found on that date differs from the established rate, the rate applicable under section 178 for the purposes of the enactment 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 multiple of one-quarter, rounding the result down to the nearest amount which is such a multiple.

(3) The formula specified in this paragraph is—

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- (1) 1989 c. 26; section 178 was amended by section 17(10) of the Social Security Act 1990 (c. 27), paragraph 107 of Schedule 2 to the Social Security (Consequential Provisions) Act 1992 (c. 6), paragraph 19(4) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12) and paragraph 5 of Schedule 11 to the Finance (No. 2) Act 1992 (c. 48).
 - (2) S.I. 1989/1297, to which there are amendments not relevant to these Regulations.
 - (3) 1970 c. 9. Section 87A was inserted, with respect to accounting periods ending after the appointed day, by section 85 of the Finance (No. 2) Act 1987 (c. 51) and amended by paragraph 10(4) of Schedule 29 to the Income and Corporation Taxes Act 1988 (c. 1), section 179(1)(b)(i) of the Finance Act 1989, section 96(12) of the Finance Act 1990 (c. 29), section 73(3) to (5) of, and paragraph 2 of Schedule 15 to, the Finance Act 1991 (c. 31), and paragraph 2(1) and (9) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12). The appointed day is 30th September 1993 by virtue of S.I. 1992/3066 (C.94).

$$\left(RR + 2.5 \right) \frac{(100 - SCR)}{100}$$

where

RR is the reference rate referred to in paragraph (2) and SCR is the percentage at which corporation tax at the small companies' rate is charged for the financial year in which the reference date referred to in that paragraph falls.

Applicable rate of interest on tax overpaid

3B.—(1) For the purposes of section 826 of the Income and Corporation Taxes Act 1988(4), the rate applicable under section 178 shall, subject to paragraph (2), be 3.25 per cent. per annum.

(2) Where, on a reference date after 1st October 1993, the reference rate found on that date differs from the established rate, the rate applicable under section 178 for the purposes of the enactment 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 multiple of one-quarter, rounding the result down to the nearest amount which is such a multiple.

(3) The formula specified in this paragraph is—

$$\left(RR - 1 \right) \frac{(100 - CTR)}{100}$$

where

RR is the reference rate referred to in paragraph (2) and CTR is the percentage at which corporation tax is charged for the financial year in which the reference date referred to in that paragraph falls.”

Kenneth Clarke

Irvine Patnick

Two of the Lords Commissioners of Her
Majesty's Treasury

8th September 1993

(4) 1988 c. 1. Section 826, which applies to accounting periods ending after the appointed day, was amended by sections 179(1) (c)(ii) and 180(6) of the Finance Act 1989 and by section 73(3) to (5) of, and paragraph 23 of Schedule 15 to, the Finance Act 1991. The appointed day is 30th September 1993 by virtue of S.I. 1992/3066 (C.94).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Taxes (Interest Rate) Regulations 1989 (S.I.1989/1297). They insert two additional regulations which specify the interest rate applicable under section 178 of the Finance Act 1989 in relation to overdue corporation tax and to tax overpaid (section 87A of the Taxes Management Act 1970 and section 826 of the Income and Corporation Taxes Act 1988 respectively). The additional inserted regulations also make provision for changes in the interest rate applicable, and for the formula to be used in calculating the new rate.

These Regulations come into force on 1st October 1993, and are designed to operate in conjunction with the new system for assessing and collecting corporation tax known as Pay and File.