
EXPLANATORY NOTE

(This note is not part of the Order)

This Order brings into effect section 158(1) and (2) of the Finance Act 1989 (“section 158”) which relates to the charging of interest on, and repayment supplement in respect of, small amounts of tax.

The Order firstly appoints 19th April 1993 as the day on which subsection (1) of section 158 shall have effect. That subsection repeals sections 86(6) and 87(4) of the Taxes Management Act 1970 (c. 9). Section 86(6) of the 1970 Act provides for remission of interest payable on overdue income tax, capital gains tax or corporation tax where the interest does not exceed £30, and section 87(4) provides that no interest is payable on overdue advance corporation tax or income tax on company payments where the interest does not exceed £30. The effect of the Order is that interest which does not exceed £30 is payable under section 86 where a demand for income tax under Schedule E is made on or after 19th April 1993, or tax is charged by an assessment notice of which is issued on or after that day, or under section 87 where tax is charged by an assessment relating to an accounting period beginning on or after that day.

Secondly the Order appoints 6th April 1993 as the day on which subsection (2) of section 158 shall have effect. That subsection amends provisions of the Income and Corporation Taxes Act 1988 (c. 1) and the Taxation of Chargeable Gains Act 1992 (c. 12) relating to repayment supplement on overdue repayments of tax so as to enable repayment supplement to be made where the overdue repayment is less than £25 or, in the case of an overdue repayment of tax to a company, less than £100. The effect of the Order is that repayment supplement on such amounts is available in relation to repayments of tax made on or after 6th April 1993.