

2001 No. 204

INCOME TAX

**The Taxes (Interest Rate) (Amendment No. 1) Regulations
2001**

Made - - - - 29th January 2001

Laid before the House of Commons 29th January 2001

Coming into force 6th March 2001

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

Citation and commencement

1. These Regulations may be cited as the Taxes (Interest Rate) (Amendment No. 1) Regulations 2001 and shall come into force on 6th March 2001.

Interpretation

2. In these Regulations “the principal Regulations” means the Taxes (Interest Rate) Regulations 1989(b) and “regulation” means a regulation of the principal Regulations.

Amendments to the principal Regulations

3. In regulation 3(1)(a)(c) for the words “sections 86 and 88” substitute “section 86 (except where regulation 3AA(1)(aa) applies) and section 88”.

4. In regulation 3AA(1)—

(a) after paragraph (a) insert the following paragraph—

“(aa) section 86 of the Taxes Management Act 1970(d) as it has effect in relation to accounting periods of companies ending before 1st October 1993 (interest on unpaid assessed corporation tax),”;

(a) 1989 c.26; section 178 was amended by paragraph 44 of Schedule 19 to the Finance Act 1994 (c. 9).

(b) S.I. 1989/1297.

(c) Regulations 3 to 3AB were substituted by S.I. 1996/3187.

(d) 1970 c. 9. Section 86 was substituted by section 46(1) of the Finance (No. 2) Act 1975 (c. 45). The section as substituted was amended by sections 61(3) and 62(1) and (2) of the Finance Act 1980 (c. 48), section 69(1) of the Finance Act 1982 (c. 39), section 844(1) of, and paragraph 32 of Schedule 29 to, the Income and Corporation Taxes Act 1988 (c. 1), section 86(2) of the Finance (No. 2) Act 1987 (c. 51) and section 179(1) of the Finance Act 1989.

(b) for the words “be 6.25 per cent. per annum” substitute—

“be—

(i) where paragraph (aa) above applies, 6.5 per cent. per annum;

(ii) in all other cases, 6.25 per cent. per annum.”.

David Jamieson

Jim Dowd

29th January 2001

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend regulations 3(1) and 3AA(1) of the Taxes (Interest Rate) Regulations 1989 (S.I. 1989/1297). The effect of the amendments is to ensure that those Regulations specify the rate of interest applicable under section 178 of the Finance Act 1989 for the purposes of section 86 of the Taxes Management Act 1970 (interest on overdue tax) as the latter section has effect in relation to unpaid corporation tax assessed in respect of accounting periods of companies ending before 1st October 1993, that is, before the introduction of the arrangements for payment of corporation tax known as “pay and file”.

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