
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend regulation 5 of the Taxes (Interest Rate) Regulations 1989 (S.I. 1989/1297 as substituted by S.I. 1994/1307). That regulation provides for the official rate of interest for the purposes of section 181 of the Income Tax (Earnings and Pensions) Act 2003 (c.1.) (taxation of beneficial loans made to employees) by first specifying an official rate of interest generally and then specifying, by way of exception, different official rates of interest for certain beneficial loans in the currencies of countries specified in the Table to the regulation.

The principal amendment made by these Regulations specifies, with effect from 6th April 2007, a new general official rate of interest of 6.25 per cent. per annum, in substitution for the rate of 5 per cent. per annum specified by S.I. 2001/3860.

There are also amendments to update the references to section 160 of the Income and Corporation Taxes Act 1988 (c.1.) which is replaced by section 181 of the Income Tax (Earnings and Pensions) Act 2003.