

---

## EXPLANATORY NOTE

*(This note is not part of the Order)*

The Taxes (Interest Rate) Regulations 1989 specify rates of interest applicable for the purposes of the enactments specified in section 178(2) of the Finance Act 1989. The Air Passenger Duty and Other Indirect Taxes (Interest Rate) Regulations 1998 specify rates of interest applicable for the purposes of the enactments specified in section 197(2) of the Finance Act 1996.

These Regulations amend the definitions of “operative date” and “reference date” in the Taxes (Interest Rate) Regulations 1989 and the definitions of “operative day” and “reference day” in the Air Passenger Duty and Other Indirect Taxes (Interest Rate) Regulations 1998. The purpose of the amendments is to reduce the time taken to change interest rates in relation to unpaid or overpaid tax. There is no change to the timing in relation to large companies where regulation 3ZA or 3BA of the Taxes (Interest Rate) Regulations 1989 apply, but consequential amendments are made to the definitions of “operative date” and “reference date” in those cases.

These Regulations also insert a new regulation 2A in the Taxes (Interest Rate) Regulations 1989 and in the Air Passenger Duty and Other Indirect Taxes (Interest Rate) Regulations 1998 which provides that if the result of the calculation of the rate of interest under those Regulations for any purposes is less than zero, the rate shall be treated as zero for those purposes.

A full Impact Assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.