

**2008 No. 3234**

**REVENUE AND CUSTOMS**

**The Taxes and Duties (Interest Rate) (Amendment) Regulations  
2008**

*Made* - - - - - *16th December 2008*  
*Laid before the House of Commons* *17th December 2008*  
*Coming into force* - - - *7th January 2009*

The Treasury make the following Regulations in exercise of the powers conferred by section 178(1) to (3) of the Finance Act 1989(a) and section 197 of the Finance Act 1996(b).

**Citation and commencement**

1. These Regulations may be cited as the Taxes and Duties (Interest Rate) (Amendment) Regulations 2008 and shall come into force on 7th January 2009.

**Amendment of the Taxes (Interest Rate) Regulations 1989**

2.—(1) The Taxes (Interest Rate) Regulations 1989(c) are amended as follows.

(2) In regulation 2(1) (interpretation)(d)—

(a) for the definition of “operative date” substitute—

““operative date” means—

(a) the eleventh working day after the reference date, or

(b) where regulation 3ZA or 3BA applies—

(i) where the reference date is the first Tuesday, the day which is the Monday next following the first Tuesday, or

(ii) where the reference date is the second Tuesday, the day which is the Monday next following the second Tuesday;”, and

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- (a) 1989 c. 26; section 178(2) has been amended by section 17(10) of the Social Security Act 1990 (c. 27), section 118(8) of the Finance Act 1990 (c. 29), section 14(5) of the Ports Act 1991 (c. 52), section 4 of, and 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), sections 196 and 199 of, and paragraph 44 of Schedule 19 to, the Finance Act 1994 (c. 9), paragraph 30 of Schedule 7, paragraph 13 of Schedule 18 and Part 5(2) and (8) of Schedule 41 to the Finance Act 1996 (c. 8), paragraph 1(3) of Schedule 4 to the Finance Act 1998 (c. 36), paragraph 10(2) of Schedule 2 and paragraph 8(1) of Schedule 4 to the Tax Credits Act 1999 (c. 10), sections 109(2) and (4) and 110(8) and (9) to the Finance Act 1999 (c. 16), Part 2(17) of Schedule 40 to the Finance Act 2000 (c. 17), sections 135 and 136(2) of, and Schedule 13 to, the Land Registration Act 2002 (c. 9), paragraph 8(1) of Schedule 1 to the Employment Act 2002 (c. 22), paragraphs 156 and 162 of Schedule 8 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1) and paragraph 4 of Schedule 18 to the Finance Act 2003 (c. 14).
- (b) Section 197 was amended by paragraph 21 of Schedule 5 to the Finance Act 1997 (c. 16), section 130(3) of, and Part 6 of Schedule 5 to, the Finance Act 1999, paragraph 6 of Schedule 7 to the Finance Act 2000, section 49(2) of, and paragraph 18 of Schedule 3 to, the Finance Act 2001 (c. 9) and section 132(2) of the Finance Act 2002 (c. 23).
- (c) S.I. 1989/1297; relevantly amended by S.I. 1998/3176.
- (d) Regulation 2(1) was amended by S.I. 1998/3176.

- (b) for the definition of “reference date” substitute—
  - “reference date” means—
  - (a) the second working day following the day on which the most recent meeting of the Monetary Policy Committee of the Bank of England took place, or
  - (b) where regulation 3ZA or 3BA applies—
    - (i) the day which is the Tuesday next following the day on which that meeting took place (“the first Tuesday”), and
    - (ii) the day which is the Tuesday (“the second Tuesday”) occurring two weeks after the first Tuesday;”.
- (3) After regulation 2 insert—

**“Applicable rate of interest equal to zero**

**2A.** In determining the rate of interest applicable under section 178 for any purposes mentioned in these Regulations, if the result is less than zero the rate shall be treated as zero for those purposes.”.

**Amendment of the Air Passenger Duty and Other Indirect Taxes (Interest Rate) Regulations 1998**

**3.—(1)** The Air Passenger Duty and Other Indirect Taxes (Interest Rate) Regulations 1998(a) are amended as follows.

- (2) In regulation 2(1)—
  - (a) in the definition of “operative day” for “sixth day of each month” substitute “eleventh working day after the reference day”, and
  - (b) in the definition of “reference day” for “twelfth working day before the next operative day” substitute “second working day following the day on which the most recent meeting of the Monetary Policy Committee of the Bank of England took place”.
- (3) After regulation 2 insert—

**“Applicable rate of interest equal to zero**

**2A.** In determining the rate of interest applicable under section 197 for the purposes of any enactments referred to in these Regulations, if the result is less than zero the rate shall be treated as zero for those purposes.”.

*Dave Watts*  
*Steve McCabe*

16th December 2008

Two of the Lords Commissioners for Her Majesty’s Treasury

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(a) S.I. 1998/1461.

## 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.

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STATUTORY INSTRUMENTS

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