

2010 No. 1879

REVENUE AND CUSTOMS

The Taxes and Duties (Interest Rate) Regulations 2010

Made - - - - *21st July 2010*

Laid before the House of Commons *22nd July 2010*

Coming into force - - *31st August 2010*

The Treasury make the following Regulations in exercise of the powers conferred by section 103 of the Finance Act 2009(a).

Citation and commencement

1. These Regulations may be cited as the Taxes and Duties (Interest Rate) Regulations 2010 and come into force on 31st August 2010.

Interpretation

2. In these Regulations—

“Bank of England rate” means the official bank rate as announced at the relevant meeting;

“operative date” means the 13th working day following the relevant meeting;

“relevant meeting” means the most recent meeting of the Bank of England Monetary Policy Committee(b);

“working day” means any day other than a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882(c).

Late payment interest rate

3.—(1) Except where regulation 5 applies, the late payment interest rate for the purposes of section 101 of the Finance Act 2009 (late payment interest on sums due to HMRC), is the percentage per annum found by applying the following formula—

Bank of England rate + 2.5.

(2) The interest rate found under paragraph (1) applies on and after the operative date.

(a) 2009 c. 10.

(b) The Monetary Policy Committee was constituted on a statutory basis by section 13 of the Bank of England Act 1998 (c. 11).

(c) 1882 c. 61; section 92 was amended by sections 3(1) and (3) and 4(4) of the Banking and Finance Dealings Act 1971 (c. 80).

Repayment interest rate

4.—(1) Except where regulation 5 applies, the repayment interest rate for the purposes of section 102 of the Finance Act 2009 (repayment interest on sums to be paid by HMRC), is the higher of—

- (a) 0.5% per annum; and
- (b) the percentage per annum found by applying the following formula—
Bank of England rate – 1.

(2) The interest rate found under paragraph (1) applies on and after the operative date.

Initial rates of interest

5.—(1) This regulation applies immediately on the coming into force of these Regulations until the first operative date after the coming into force of these Regulations.

(2) The late payment interest rate and repayment interest rate shall be the respective percentages per annum found by applying regulation 3(1) and regulation 4(1) as if the references in those regulations to the Bank of England rate were references to the official bank rate announced at the meeting of the Bank of England Monetary Policy Committee on, or most recently before, the 13th working day before the coming into force of these Regulations.

Effect of change in rates of interest

6. Where the late payment interest rate or repayment interest rate changes in accordance with these Regulations with effect from an operative date, the change has effect in respect of interest running from before that date as well as interest running from or after that date.

21st July 2010

Jeremy Wright
Angela Watkinson
Two Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations specify the rates of interest which have effect for the purposes of sections 101 and 102 of the Finance Act 2009 which deal respectively with interest on sums payable to Her Majesty's Revenue and Customs ("HMRC") and interest on sums payable by HMRC.

The interest rates set by the Regulations are determined by reference to the official bank rate as announced at the most recent meeting of the Bank of England Monetary Policy Committee.

Regulation 3 sets the interest rate on sums payable to HMRC.

Regulation 4 sets the interest rate on sums payable by HMRC and provides a minimum rate of interest.

Regulation 5 provides for initial rates of interest that will apply on the coming into force of these Regulations.

Regulation 6 provides that where the respective interest rates change the revised rate has effect from the date of the change in relation to interest which began to run before the effective date of the change as well as interest beginning to run on or after the date of the change.

A full Impact Assessment covering the introduction of the harmonised interest regime entitled "Working towards a harmonised regime for interest and meeting the obligations to file returns and pay tax on time" was published on 14th April 2009 and is available at www.hmrc.gov.uk/better-regulation/ia.htm

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STATUTORY INSTRUMENTS

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