
STATUTORY INSTRUMENTS

2020 No. 995

DIGITAL SERVICES TAX

The Taxes (Interest Rate) (Amendment No. 2) Regulations 2020

Made - - - - *15th September 2020*
Laid before House of Commons
- - - - - *16th September 2020*
Coming into force - - *14th October 2020*

The Treasury make the following Regulations in exercise of the powers conferred by section 178(1), (2)(w) and (3) of the Finance Act 1989(1).

Citation and commencement

1. These Regulations may be cited as the Taxes (Interest Rate) (Amendment No. 2) Regulations 2020 and come into force on 14th October 2020.

Amendment of the Taxes (Interest Rate) Regulations 1989

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

(2) In the definition of “operative date” and “reference date” in regulation 2(1) (interpretation), after “3ZA” insert “, 3ZD”.

(3) After regulation 3ZB insert—

“Applicable rate of interest on overdue digital services tax

3ZC.—(1) For the purposes of section 67(1) of the Finance Act 2020(3), the rate applicable under section 178 shall, subject to paragraph (2), be 2.6% per annum.

(2) Where on a reference date after 14th October 2020 the reference rate found on that date differs from the established rate, the rate applicable under section 178 for the purposes mentioned in paragraph (1) shall, on and after the next operative date, be the percentage per annum found by applying the formula specified in paragraph (3).

(3) The formula specified in this paragraph is—

(1) 1989 c.26; paragraph (w) of section 178(2) was inserted by paragraph 2 of Schedule 10 to the Finance Act 2020 (c.14) and section 178(3)(f) was amended by s.88(2)(b) of the Finance Act 2019 (c.1).
(2) S.I.1989/1297; relevant amending instruments are S.I.2008/3234, S.I.2009/2032 and S.I.2020/194.
(3) 2020 c.14.

$RR + 2.5,$

where RR is the reference rate referred to in paragraph (2).

Applicable rate of interest on overpaid digital services tax

3ZD.—(1) For the purposes of section 68(1) of the Finance Act 2020, the rate applicable under section 178 is, subject to paragraph (2), 0.5% per annum.

(2) Where on a reference date after 14th October 2020 the reference rate found on that date differs from the established rate, the rate applicable under section 178 for the purposes mentioned in paragraph (1) shall, on and after the next operative date, be the higher of—

- (a) 0.5% per annum, and
 - (b) the percentage per annum found by applying the formula specified in paragraph (3).
- (3) The formula specified in this paragraph is—

$RR - 0.25,$

where RR is the reference rate referred to in paragraph (2).

3ZE.—(1) For the purposes of section 68(2) of the Finance Act 2020, the rate applicable under section 178 is, subject to paragraph (2), 0.5% per annum.

(2) Where, on a reference date after 14th October 2020, the reference rate found on that date differs from the established rate, the rate applicable under section 178 for the purposes mentioned in paragraph (1) shall, on and after the next operative date, be the higher of—

- (a) 0.5% per annum, and
 - (b) the percentage per annum found by applying the formula specified in paragraph (3).
- (3) The formula specified in this paragraph is—

$RR - 1,$

where RR is the reference rate referred to in paragraph (2).”

15th September 2020

Michael Tomlinson
Rebecca Harris
Two of the Lords Commissioners for Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Taxes (Interest Rate) Regulations 1989 specify rates of interest for the purposes of the enactments specified in section 178(2) of the Finance Act 1989.

These Regulations amend the 1989 Regulations to specify the applicable rate of interest for overpayments of digital services tax and for overdue digital services tax. Digital services tax was introduced by Part 2 of the Finance Act 2020.

A Tax Information and Impact Note covering this instrument will be published on the government website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.