
STATUTORY INSTRUMENTS

2020 No. 995

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

Amendment of the Taxes (Interest Rate) Regulations 1989

2.—(1) The Taxes (Interest Rate) Regulations 1989(1) 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(2), 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—

$$RR + 2.5,$$

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).

(1) S.I.1989/1297; relevant amending instruments are S.I.2008/3234, S.I.2009/2032 and S.I.2020/194.

(2) 2020 c.14.

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).”