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STATUTORY INSTRUMENTS

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**1998 No. 3176**

**The Taxes (Interest Rate) (Amendment No. 2) Regulations 1998**

**Amendments to the principal Regulations**

**8.** After regulation 3B there shall be inserted—

**“3BA.**—(1) For the purposes of section 826 of the Income and Corporation Taxes Act 1988(1) in so far as it relates to an amount paid by a company in respect of its total liability for an accounting period ending on or after 1st July 1999, being an amount falling within paragraph (d) of subsection (1) of that section (overpayment of instalment by large company under regulation 5 of the 1998 Regulations) or an amount falling within paragraph (e) of that subsection (payment by company other than large company prior to the day following the expiry of nine months from the end of the accounting period concerned), the rate applicable under section 178 shall, subject to paragraph (2), be 6 per cent. per annum.

(2) Where on a reference date after 7th January 1999 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 and as respects the period specified in paragraph (3), be the percentage per annum found by applying the formula specified in paragraph (4).

(3) The period specified in this paragraph is any period falling between—

- (a) the date on which the first instalment payment is treated as becoming due and payable for the accounting period concerned under regulation 5 of the 1998 Regulations or, in the case of a company other than a large company, the date on which the first instalment payment would be so treated if the company were a large company, and
- (b) the day following the expiry of nine months from the end of that accounting period,

during which there exists an amount paid by the company in respect of its total liability to which paragraph (1) applies.

(4) The formula specified in this paragraph is—

$$RR - 0.25,$$

where

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

**3BB.**—(1) For the purposes of section 826 of the Income and Corporation Taxes Act 1988 in so far as it relates to an amount overpaid by a company in respect of its total liability for an accounting period ending on or after 1st July 1999, being an amount paid on or after

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(1) 1988 c. 1. Section 826 was amended by section 180(6) of the Finance Act 1989, paragraph 23 of Schedule 15 to the Finance Act 1991 (c. 31), paragraph 10(1) to (4) of Schedule 14 and paragraph 5 of Schedule 18 to the Finance Act 1993, paragraph 20 of Schedule 16 and paragraph 42 of Schedule 19 to the Finance Act 1994, paragraphs 11 and 12(1) and (2) of Schedule 24 to the Finance Act 1995, section 173(5) of, and paragraph 48 of Schedule 14 to, the Finance Act 1996, Part II(4) of Schedule 8 to the Finance (No. 2) Act 1997 (c. 58), section 34 of, and paragraphs 1(1) and (2) and 3(1) of Schedule 4 to, the Finance Act 1998, and regulation 8 of the Corporation Tax (Instalment Payments) Regulations 1998.

the day following the expiry of nine months from the end of that period, the rate applicable under section 178 shall, subject to paragraph (2), be 5 per cent. per annum.

(2) Where on a reference date after 7th January 1999 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–

$$RR - 1,$$

where

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