

2007 No. 684

INCOME TAX

INHERITANCE TAX

TAXES

The Taxes (Interest Rate) (Amendment) Regulations 2007

<i>Made</i>	- - - -	<i>5th March 2007</i>
<i>Laid before the House of Commons</i>		<i>6th March 2007</i>
<i>Coming into force</i>	- -	<i>6th April 2007</i>

The Treasury make the following Regulations in exercise of the powers in section 178 of the Finance Act 1989^(a):

1. These Regulations may be cited as the Taxes (Interest Rate) (Amendment) Regulations 2007 and shall come into force on 6th April 2007.
2. For regulation 5(1) of the Taxes (Interest Rate) Regulations 1989^(b) substitute—

“(1) For the purposes of section 181 of the Income Tax (Earnings and Pensions) Act 2003^(c) (“section 181”) the rate applicable under section 178 shall, on and after 6th April 2007 and subject to paragraph (2), be 6.25 per cent. per annum.”.
3. In regulation 5(2) for “section 160” substitute “section 181”.

5th March 2007

Frank Roy
Claire Ward
Two of the Lords Commissioners of Her Majesty’s Treasury

(a) 1989 c.26; section 178 was extended by section 181 of the Income Tax (Earnings and Pensions) Act 2003 (c.1).
(b) S.I. 1989/1297; the relevant amending instruments are S.I. 1994/1307, 1567, 2657 1995/2436, 1996/54, 1321 and 2644, 1997/1681, 1999/419 and 2001/3860.
(c) 2003 c.1. Section 181 replaced section 160 of the Income and Corporation Taxes Act 1988 (c.1.).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend regulation 5 of the Taxes (Interest Rate) Regulations 1989 (S.I. 1989/1297 as substituted by S.I. 1994/1307). That regulation provides for the official rate of interest for the purposes of section 181 of the Income Tax (Earnings and Pensions) Act 2003 (c.1.) (taxation of beneficial loans made to employees) by first specifying an official rate of interest generally and then specifying, by way of exception, different official rates of interest for certain beneficial loans in the currencies of countries specified in the Table to the regulation.

The principal amendment made by these Regulations specifies, with effect from 6th April 2007, a new general official rate of interest of 6.25 per cent. per annum, in substitution for the rate of 5 per cent. per annum specified by S.I. 2001/3860.

There are also amendments to update the references to section 160 of the Income and Corporation Taxes Act 1988 (c.1.) which is replaced by section 181 of the Income Tax (Earnings and Pensions) Act 2003.

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