2003/123

Tax Credits (Interest Rate) Regulations 2003

Made by the Treasury under TCA 2002 ss 37(2), (5), 65(1), (8) and 67

Made 28 January 2003

Laid before Parliament 28 January 2003

Coming into force 18 February 2003

[MAIN

1 Citation and commencement

These Regulations may be cited as the Tax Credits (Interest Rate) Regulations 2003 and shall come into force on 18th February 2003.

2 Interpretation

(1) In these Regulations—

[DEFINITIONB

“the Board” means the Commissioners of Inland Revenue;

“established rate” means—

(*a*) on the coming into force of these Regulations, 6.5 per cent. per annum;

(*b*) in relation to any date after the first reference date after the coming into force of these Regulations, the reference rate found on the immediately preceding reference date;

“operative date” means the sixth day of each month;

“reference date” means the day of each month which is the twelfth working day before the sixth day of the following month;

“tax credit” means child tax credit or, as the case may be, working tax credit, provision for which is made by the Tax Credits Act 2002;

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

[DEFINITIONE

(2) For the purposes of regulation 4(2) the reference rate found on a reference date is the percentage per annum found by averaging the base lending rates at close of business on that date of—

(*a*) Bank of Scotland;

(*b*) Barclays Bank plc;

(*c*) Lloyds Bank plc;

(*d*) HSBC Bank plc;

(*e*) National Westminster Bank plc;

(*f*) The Royal Bank of Scotland plc,

and, if the result is not a whole number, rounding the result to the nearest such number, with any result midway between two whole numbers rounded down.

3 Interest on overpayments of tax credit and penalties

(1) Where the Board decide in accordance with section 37(1) of the Tax Credits Act 2002 that the whole or part of an overpayment of a tax credit which is attributable to fraud or neglect is to carry interest, the rate of interest for the purposes of section 37(2) of that Act is that prescribed by regulation 4.

(2) The rate of interest for the purposes of section 37(5) of the Tax Credits Act 2002 (interest on a penalty under any of sections 31 to 33 of that Act) is that prescribed by regulation 4.

4 Prescribed rate of interest

(1) The rate of interest which is prescribed is, subject to paragraph (2), 6.5 per cent per annum.

(2) Where, on a reference date after the coming into force of these Regulations, the reference rate found on that date (“RR”) differs from the established rate, the rate of interest which is prescribed shall, on and after the next operative date, be the percentage per annum found by applying the formula—

Image1466597617363