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STATUTORY INSTRUMENTS

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**2014 No. 496**

**INCOME TAX**

**The Taxes (Interest Rate) (Amendment) Regulations 2014**

<i>Made</i>	- - - -	<i>5th March 2014</i>
<i>Laid before the House of Commons</i>	- - - -	<i>6th March 2014</i>
<i>Coming into force</i>	- -	<i>6th April 2014</i>

The Treasury make the following Regulations in exercise of the powers conferred by section 178(1) and (2)(s) of the Finance Act 1989<sup>(1)</sup> and section 181(2) of the Income Tax (Earnings and Pensions) Act 2003<sup>(2)</sup>.

**Citation and commencement**

1. These Regulations may be cited as the Taxes (Interest Rate) (Amendment) Regulations 2014 and come into force on 6th April 2014.

**Amendment of the Taxes (Interest Rate) Regulations 1989**

2. In regulation 5 of the Taxes (Interest Rate) Regulations 1989<sup>(3)</sup> in paragraph 1 for “on and after 6th April 2010, be 4.00 per cent per annum” substitute “on and after 6th April 2014, be 3.25 per cent per annum”.

5th March 2014

*Sam Gyimah*  
*Anne Milton*  
Two of the Lords Commissioners of Her Majesty's Treasury

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(1) 1989 c. 26; paragraph (s) of section 178(2) was inserted by paragraph 162(d) of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1).  
(2) 2003 c. 1.  
(3) S.I. 1989/1297; relevant amending instruments are S.I. 1994/1307, 1994/1567, 2009/199 and 2010/415.

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*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

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## 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](#)) (“the 1989 Regulations”).

Chapter 7 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003 ([c. 1](#)) (“ITEPA”) provides that tax is chargeable on an employment-related loan to the extent that the interest rate it carries is lower than the official rate. Section 181 of ITEPA in effect defines that official rate as the rate prescribed in regulation 5 of the 1989 Regulations.

Regulation 2 of these Regulations reduces the generally applicable official rate of interest from 4 per cent to 3.25 per cent per annum with effect from 6th April 2014. It does not affect the rates which apply in relation to Japan and Switzerland, which are prescribed in regulation 5(2) of the 1989 Regulations.

A Tax Information and Impact Note has not been prepared for this instrument as it contains no substantive changes to tax policy.