STATUTORY INSTRUMENTS

2025 No. 947

EXCISE

The Alcoholic Products (Repayment Interest Rate) (Alcohol Duty) Regulations 2025

Made - - - -	*4th August 2025*
Laid before the House of Commons	*6th August 2025*
Coming into force - -	*1st September 2025*

The Treasury make these Regulations in exercise of the powers conferred by section 197(1), (2)(i) and (3)(b) and (f) of the Finance Act 1996(**a**).

Citation and commencement

1. These Regulations may be cited as the Alcoholic Products (Repayment Interest Rate) (Alcohol Duty) Regulations 2025 and come into force on 1st September 2025.

Interpretation

2. In these Regulations—

"alcohol duty" has the meaning given in section 47 of the Finance (No. 2) Act 2023 (alcohol duty: charge)(**b**);

"Bank of England rate" means the official bank rate as announced at the relevant meeting;

"operative date" means the 13th working day following the relevant meeting;

"relevant meeting" means the most recent meeting of the Monetary Policy Committee of the Bank of England(**c**);

"repayment interest rate" means the rate of interest applicable for the purposes of Parts 2 and 3 of Schedule 3 to the Finance Act 2001 (interest payable on repayments etc.)(**d**) for the purposes of alcohol duty;

(**a**) 1996 c. 8; section 197(2)(i) was inserted by paragraph 18(3) of Part 4 of Schedule 3 to the Finance Act 2001 (c. 9) and section 197(5) was repealed by section 105(6)(b) of the Finance Act 2009 (c. 10). There are other amendments but none is relevant.
(**b**) 2023 c. 30.
(**c**) The Monetary Policy Committee was constituted on a statutory basis by section 13 of the Bank of England Act 1998 (c. 11).
(**d**) Part 2 was amended by paragraph 8 of Part 2 of Schedule 13 to the Finance (No. 3) Act 2010 (c. 33). Part 3 was amended by S.I. 2009/56.

"working day" means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day that is a bank holiday under the Banking and Financial Dealings Act 1971(**a**) in any part of the United Kingdom.

Repayment interest rate

3.—(1) Except where regulation 4 applies, the repayment interest rate is the higher of—

(a) 0.5% per annum, and

(b) the percentage per annum found by applying the following formula—

$$Bank\ of\ England\ rate - 1.$$

(2) The repayment interest rate found in paragraph (1) applies on and after the operative date.

Initial repayment interest rate

4.—(1) This regulation applies from the coming into force of these Regulations up to and including the day before the first operative date after the coming into force of these Regulations.

(2) The repayment interest rate is to be the percentage per annum found by applying regulation 3(1) as if the reference in that regulation to the Bank of England rate were a reference to the official bank rate announced at the meeting of the Monetary Policy Committee of the Bank of England on, or most recently before, the 13th working day before the coming into force of these Regulations.

Effect of change in repayment interest rate

5. Where the repayment interest rate changes in accordance with these Regulations with effect from an operative date, the change has effect in respect of interest running from before that date as well as interest running from or after that date.

Anna Turley
Nicholas Dakin
4th August 2025 Two of the Lords Commissioners of His Majesty's Treasury

(**a**) 1971 c. 80.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations specify the rate of interest that has effect for the purposes of Parts 2 and 3 of Schedule 3 to the Finance Act 2001 (c. 9), which deals with interest on amounts payable by His Majesty's Revenue and Customs ("HMRC"), for the purposes of alcohol duty (the "repayment interest rate").

The repayment interest rate set by these Regulations is determined by reference to the official bank rate as announced at the most recent meeting of the Monetary Policy Committee of the Bank of England.

Regulation 3 sets the repayment interest rate on sums payable by HMRC and provides a minimum rate of interest.

Regulation 4 sets the initial repayment interest rate that will apply on the coming into force of these Regulations.

Regulation 5 provides that where the repayment interest rate changes, the revised rate has effect from the date of the change in relation to interest that began to run before the effective date of the change as well as interest beginning to run on or after the date of the change. This is in exercise of the power conferred by section 197(3)(f) of the Finance Act 1996 (c. 8).

A Tax Information and Impact Note covering this instrument will be published on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.

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