STATUTORY INSTRUMENTS

1986 No. 1942

TAXES

The Estate Duty (Interest on Unpaid Duty) Order 1986

Made - - - - - - - - - -	13*th November* 1986
Laid before the House of Commons	18*th November* 1986
Coming into Operation	16*th December* 1986

The Treasury, in exercise of the powers conferred on them by section 30 of the Finance Act 1970(a), hereby make the following Order:—

1. This Order may be cited as the Estate Duty (Interest on Unpaid Duty) Order 1986 and shall come into operation on 16th December 1986.

2. The rate of interest payable under the following enactments, namely—

(*a*) section 18 of the Finance Act 1896(b);

(*b*) section 61(5) of the Finance (1909–10) Act 1910(c); and

(*c*) section 17(3) of the Law of Property Act 1925(d) and section 73(6) of the Land Registration Act 1925(e),

shall, as regards interest accruing on or after 16th December 1986, be 8 per cent per annum.

3. Section 8(9) of the Finance Act 1894(f) shall, as regards interest accruing on or after 16th December 1986, have effect with the substitution of the word "eight" for the word "nine".

Peter Lloyd,
Tim Sainsbury.
Two of the Lords Commissioners
of Her Majesty's Treasury.

13th November 1986.

(a) 1970 c. 24. (b) 1896 c. 28.
(c) 1910 c. 8; section 61(5) was amended by section 9 of the Finance Act 1912 (c. 8).
(d) 1925 c. 20. (e) 1925 c. 21. (f) 1894 c. 30.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Estate Duty is chargeable in relation to deaths before 13th March 1975; it was replaced for deaths on or after that date by capital transfer tax, now known as inheritance tax. Article 2 of this Order provides that interest on unpaid estate duty will run at 8 per cent (instead of at the previous rate of 9 per cent, as imposed by S.I. 1985/561) under the various provisions which impose a fixed rate of interest. By Article 3 the limit on the discretionary rate of interest which may be charged where payment of estate duty is postponed on grounds of hardship is correspondingly altered by substituting 8 per cent for 9 per cent. The effect of this Order in conjunction with section 48(1) of the Finance Act 1975 (c. 7) is that from 16th December 1986 interest will also run at 8 per cent when overpaid estate duty is repaid.