STATUTORY INSTRUMENTS

1987 No. 1988

INCOME TAX

The Income Tax (Interest on Unpaid Tax and Repayment Supplement) (No. 4) Order 1987

Made - - - - 23rd November 1987

Laid before the House of Commons 24th November 1987

Coming into force 6th December 1987

The Treasury, in exercise of the powers conferred on them by section 40(2) of the Finance Act 1967(**a**), by section 89(2) of the Taxes Management Act 1970(**b**) and by sections 47(7) and 48(6) of the Finance (No. 2) Act 1975(**c**), hereby make the following Order:

1. This Order may be cited as the Income Tax (Interest on Unpaid Tax and Repayment Supplement) (No. 4) Order 1987 and shall come into force on 6th December 1987.

2. The prescribed rate of interest for the purposes of each of the provisions set out in the Table below shall be 8.25 per cent. per annum.

TABLE

Section 8 of the Finance (No. 2) Act 1947(**d**) (unpaid profits tax, excess profits tax and excess profits levy)

Paragraph 10(1) of Schedule 7 to the Finance Act 1960(**e**) (unpaid profits tax recovered to make good loss due to taxpayer's fault)

Sections 86(**f**), 86A(**g**), 87(**h**) and 88(**i**) of the Taxes Management Act 1970 (unpaid income tax, surtax, capital gains tax, corporation tax, including advance corporation tax, development land tax, and overpaid development land tax)

(**a**) 1967 c.54. (**b**) 1970 c.9; section 89(2) was extended to petroleum revenue tax by paragraph 1 (1) of Schedule 2 to the Oil Taxation Act 1975 (c.22) and to development land tax by paragraph 23 of Schedule 8 to the Development Land Tax Act 1976 (c.24). The Development Land Tax Act was repealed by section 98(6) of, and Part X of Schedule 27 to, the Finance Act 1985 (c.54) in relation to any disposal of an interest in land on or after 19th March 1985. (**c**) 1975 c.45. (**d**) 1947 c.9 (11 & 12 Geo.6). (**e**) 1960 c.44. (**f**) Section 86 was substituted by section 46(1) of the Finance (No.2) Act 1975 (c.45); the section as substituted was amended by section 61(3) and 62(1) and (2) of the Finance Act 1980 (c.48) and by section 69(1) of the Finance Act 1982 (c.39). Other modifications of and applications of the section were made by section 46(2) of the Finance (No.2) Act 1975 (c.45), section 62(6) of the Finance Act 1981 (c.35) and by section 26 of, and paragraph 13(9) of Schedule 5 to, the Finance Act 1983 (c.28). (**g**) Section 86A was inserted by section 41 of, and paragraph 21(2) of Schedule 8 to, the Development Land Tax Act 1976 (c.24) and amended by section 115(2) and section 122(4) of, and Part XIV of Schedule 20 to, the Finance Act 1980 (c.48) and by section 123(4) of the Finance Act 1984 (c.43). The Development Land Tax Act 1976 (c.24) was repealed by section 98(6) of, and Part X of Schedule 27 to, the Finance Act 1985 (c.54). (**h**) Section 87 was substituted by section 111 of, and paragraph 10 of Schedule 24 to, the Finance Act 1972 (c.41); the section as substituted was amended by section 46(3) of the Finance (No. 2) Act 1975 (c.45) and by section 62(1) and (2) of the Finance Act 1980 (c.48). (**i**) Section 88 was amended by section 37(1) of, and paragraph 87 of Schedule 6 to, the Finance Act 1971 (c.68), section 111 of, and paragraph 11 of Schedule 24 to, the Finance Act 1972 (c.41), section 46(4) of the Finance (No.2) Act 1975 (c.45), section 41 of, and paragraph 22(1) of Schedule 8 to, the Development Land Tax Act 1976 (c.24) and by section 61(4) of the Finance Act 1980 (c.48). (The amendments made by 1976 c.24 were relevant only for the purposes of development land tax.)

Paragraph 15(1) of Schedule 2 to the Oil Taxation Act 1975(a) (unpaid petroleum revenue tax)

3. The prescribed rate of interest for the purposes of sections 47(1) and 48(2) of the Finance (No.2) Act 1975 (supplement on overpaid income tax, surtax, capital gains tax, and corporation tax, including advance corporation tax) shall be 8.25 per cent. per annum.

Mark Lennox-Boyd
David Lightbown
Two of the Lords Commissioners of Her Majesty's Treasury

23rd November 1987

EXPLANATORY NOTE

(This note is not part of the Order)

On and after 6th December 1987 this Order reduces from 9 per cent. per annum to 8.25 per cent. per annum the rate of interest chargeable on unpaid income tax, surtax, capital gains tax, corporation tax (including advance corporation tax), development land tax, petroleum revenue tax, profits tax, excess profits tax, excess profits levy and on overpaid development land tax. The Order also provides that on and after 6th December 1987 supplement on repayments of income tax, surtax, capital gains tax and corporation tax (including advance corporation tax) will be at the rate of 8.25 per cent. per annum instead of 9 per cent. per annum.

(a) 1975 c.22; paragraph 15(1) was amended by section 2(1) of the Petroleum Revenue Tax Act 1980 (c.1).

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