STATUTORY INSTRUMENTS

2025 No. 270

INCOME TAX

The Taxes (Interest Rate) (Amendment) Regulations 2025

Made - - - -	*5th March 2025*
Laid before the House of Commons	*6th March 2025*
Coming into force - -	*6th April 2025*

The Treasury make the following Regulations in exercise of the powers conferred by section 178(1) and (2)(s) of the Finance Act 1989(**a**).

Citation and commencement

1. These Regulations may be cited as the Taxes (Interest Rate) (Amendment) Regulations 2025 and come into force on 6th April 2025.

Amendment of the Taxes (Interest Rate) Regulations 1989

2. In regulation 5(1) of the Taxes (Interest Rate) Regulations 1989(**b**), for "on and after 6th April 2023, be 2.25 per cent per annum" substitute "on and after 6th April 2025, be 3.75 per cent per annum.".

Jeff Smith
Vicky Foxcroft
5th March 2025 Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Taxes (Interest Rate) Regulations 1989 ("the 1989 Regulations").

The 1989 Regulations set the official rate of interest for the purposes of Chapter 7 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"). Chapter 7 provides that tax is chargeable on an employment-related loan to the extent that the interest rate that it carries is lower than the official rate of interest. Calculation of the cash equivalent of the benefit of the loan for any tax year, which is generally the amount of the benefit that will be treated as earnings from the employment, is the difference between the amount of interest on the loan at the official rate and the amount of interest paid on the loan for that year. Section 181 of ITEPA, in effect, defines "the official rate of interest" as the rate prescribed in regulation 5 of the 1989 Regulations.

(**a**) 1989 c. 26; paragraph (s) of section 178(2) was inserted by paragraphs 156 and 162(d) of Schedule 6 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1).
(**b**) S.I. 1989/1297; relevant amending instruments are S.I. 1994/1307, 2009/199 and 2023/216.

Regulation 2 increases the generally applicable official rate of interest from 2.25 per cent to 3.75 per cent per annum with effect from 6th April 2025. It does not affect the modified official rates that 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.

© Crown copyright 2025

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Saul Nassé, Controller of His Majesty's Stationery Office and King's Printer of Acts of Parliament.

£5.78

http://www.legislation.gov.uk/id/uksi/2025/270

ISBN 978-0-34-826971-0

9 780348 269710