



FINANCE ACT 1996

CUSTOMS AND EXCISE DUTIES (INTEREST RATE) ORDER 2000

Laid before Tynwald

16 May 2000

Coming into operation

1 April 2000

In exercise of the powers conferred on the Treasury by section 197 of the Finance Act 1996^(a), sections 126(8), 127(9) and (11) and 129(6) of the Finance Act 1999^(b), and of all other powers enabling it in that behalf, the following Order is hereby made:-

Citation and commencement

1. This Order may be cited as the Customs and Excise Duties (Interest Rate) Order 2000 and shall be deemed to have come into operation on 1st April 2000.

Commencement date for sections 126, 127 and 129 of the Finance Act 1999

2. The date appointed for the purposes of sections 126, 127 and 129 of the Finance Act 1999 is 1st April 2000.

Interpretation

3. (1) In this Order unless the context otherwise requires -

“Community Customs Code” means Council Regulation (EEC) 2913/92^(c) establishing the Community Customs Code;

“customs duties” includes agricultural levies;

“established rate” means -

(a) on the coming into operation of this Order, 6 per cent. per annum; and

(b) in relation to any day after the first reference day after the coming into force of this Order, the reference rate found on the immediately preceding reference day;

^(a) 1996 c.8 (of Parliament), applied to the Island by S.D. No. 493/96.

^(b) 1999 c.16 (of Parliament), applied to the Island by S.D. No. 507/99.

^(c) O.J. No. L302, 19.10.92.

“operative day” means the sixth day of each month;

“reference day” means the twelfth working day before the next operative day;

the “relevant enactments” are those referred to in articles 4(1) and 5(1);

“working day” means any day other than a non-business day within the meaning of section 92 of the Bills of Exchange Act 1883^(d).

(2) In this Order the reference rate found on a reference day is the percentage per annum found by averaging the base lending rate in the United Kingdom at the close of business on that day of -

- (a) Bank of Scotland,
- (b) Barclays Bank Plc,
- (c) Lloyds-TSB Bank Plc,
- (d) H.S.B.C. Bank Plc,
- (e) National Westminster Bank Plc,
- (f) The Royal Bank of Scotland Plc,

and, if the result is not a whole number, rounding the result to the nearest such number, with any result midway between the two whole numbers rounded down.

Applicable rate of interest payable to the Treasury in connection with customs duties

4. (1) For the purposes of section 126 of the Finance Act 1999, the rate applicable under section 126 shall, subject to paragraph (2), be 8.5 per cent.

(2) Where on any reference day after the coming into operation of this Order, the reference rate found on that day differs from the established rate, the rate applicable under section 126 of the Finance Act 1999 for the purposes of Article 232 of the Community Customs Code (interest on duty not paid within the prescribed period) shall, from the next operative day, be the percentage per annum determined in accordance with the formula specified in paragraph (3).

(3) The formula specified in this paragraph is -

$$RR + 2.5$$

where RR is the reference rate referred to in paragraph (2).

Applicable rate of interest payable by the Treasury in connection with customs duties

5. (1) For the purposes of section 127 of the Finance Act 1999 the prescribed rate of interest shall be 5 per cent.

^(d) V, p.310.

(2) Where, on a reference day after the coming into operation of this Order, the reference rate found on that date differs from the established rate, the prescribed rate applicable under section 127 of the Finance Act 1999 shall, from the next operative day, be the percentage per annum determined in accordance with the formula specified in paragraph (3).

(3) The formula specified in this paragraph is -

RR - 1

where RR is the reference rate referred to in paragraph (2).

Effect of change in applicable rate

6. Where the rate applicable under section 126 of the Finance Act 1999 changes on an operative day by virtue of this Order, that change shall have effect for periods beginning on or after the operative day in relation to interest running from before that day as well as in relation to interest running from, or from after that day.

7. Where the rate applicable under section 127 of the Finance Act 1999 changes on an operative day by virtue of this Order, the rate in force immediately prior to any change shall continue to have effect for periods immediately prior to the change and so on in the case of any number of successive changes.

Minimum amount of interest payable in connection with Customs Duty

8. Where interest charged on arrears of customs duty payable to the Treasury is computed in accordance with section 126(2) of the Finance Act 1999 and, in any case, is less than £25 the amount of interest charged in that case is (instead of being the amount computed) to be taken to be £25.

Amendment to Air Passenger Duty (Interest Rate) Regulations 1998

9. In regulation 2(2) of the Air Passenger Duty (Interest Rate) Regulations 1998^(e) -

(a) for "Lloyds Bank plc" substitute "Lloyds-TSB Bank plc", and

(b) for "Midland Bank plc" substitute "HSBC Bank plc".

Made this

Sun day of

April

2000



Minister for the Treasury

^(e) S.D. No. 528/98.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Sections 126 and 127 of the Finance Act 1999, applied in Island law by the Customs and Excise Acts (Application) Order 1999^(f), provide for a commercial rate of interest to be charged on customs debts owed to the Treasury, and for interest to be paid on repayments to traders.

Article 2 of the Order appoints 1st April 2000 as the commencement date for the above sections.

This Order also set the rates of interest applicable with effect from 1st April 2000, and the procedure for establishing the rate subsequently.

Article 3(2) makes provision for the interest rates to change on the sixth day of any month, in accordance with the formulae specified in the Order, when the rounded average of the base lending rates of six United Kingdom clearing banks at the close of business 12 working days prior to that day, changes from the rounded averages of those rates at the close of business on the corresponding day in the previous month.

Article 4 specifies the rate of interest payable to the Treasury under section 126 of the Finance Act 1999. Provision is made for changes in the applicable interest rate and for the formula to be used for calculating the new rate.

Article 5 specifies the rate applicable under section 127 of the Finance Act 1999 in relation to interest payable by the Treasury in relation to customs duty. Provision is made for changes in the applicable interest rate and for the formula to be used for calculating the new rate.

Articles 6 and 7 provide that changes in the interest rate by virtue of this Order have effect for periods beginning on or after the operative day.

Article 8 provides that a minimum amount of £25 is payable to the Treasury in respect of interest on customs duty, where the amount of interest computed in accordance with section 126(2) of the Finance Act 1999 would otherwise be less.

Article 9 makes a minor amendment to the Air Passenger Duty (Interest Rate) Regulations 1998^(g), substituting the new names of two of the six clearing banks in regulation 2(2) of the 1998 Regulations.

^(f) S.D. No. 507/99.

^(g) S.D. No. 528/98.