

TAX COLLECTION AND MANAGEMENT (WALES) ACT 2016

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 6 - Interest

Sections 157-160 – Interest on amounts payable to WRA

187. **Section 157** provides that interest is payable by a person on devolved tax and related penalties that are not paid before the late payment interest start date. Interest is incurred from the late payment interest start date until the tax or penalty is paid. Subsection (3) states that in a normal case the late payment interest start date is the day after the day the amount of tax or penalty becomes payable.
188. **Section 158** provides that late payment interest is not payable on late payment interest. It also makes clear that when an amount of tax or penalty that is payable is set off against an amount to be repaid to the taxpayer by WRA, the date of that set-off is counted as the date of payment for the purposes of working out when interests stops accruing.
189. **Section 159** establishes the late payment interest start date where an amount of devolved tax becomes payable in circumstances where an assessment (including a self-assessment or WRA assessment or a determination) has been amended or corrected.
190. **Section 160** establishes the late payment interest start date in circumstances where a person dies before an amount of devolved tax or related penalty becomes payable and the executor or administrator is not able to pay the amount until probate or letters of administration or another equivalent document is resolved. Late payment interest will start from the later of the standard late payment interest start date, or 30 days after the grant of probate or letters of administration.

Sections 161-162 – Interest on amounts payable by WRA

191. **Section 161** provides that interest is payable by WRA on any repayment of devolved tax, repayment of any amount lodged with WRA in respect of anticipated tax payable, repayment of penalties or repayment of interest (on either tax or penalties). Where a repayment is made on or after the repayment interest start date, interest will be added to the amount to be repaid.
192. **Section 162** makes supplementary provision regarding repayment interest, including making clear that interest under section 161 is not payable when a court orders the repayment and the court may include interest in the order for repayment. It also makes clear that when an amount to be repaid to the taxpayer by WRA is set off against an amount of tax or penalty that is payable by the taxpayer, the date of that set-off is counted as the date of payment of the repayment for the purposes of working out when interests stops accruing.

Sections 163 – Rates of late payment interest and repayment interest

193. This section provides the Welsh Ministers with the power to specify the rates of late payment interest and repayment interest to be paid. Different rates may be set for different purposes. The Welsh Ministers may set out in regulations the circumstances where a rate of interest can be changed and from when a change to the rate of interest will apply.