

HMRC late payment interest rates to be revised after Bank of England increases base rate

News story

HMRC interest rates for late payments will be revised following the Bank of England interest rate rise to 3%.



The Bank of England Monetary Policy Committee voted on 3 November 2022 to increase the Bank of England base rate to 3% from 2.25%.

HMRC interest rates are linked to the Bank of England base rate.

As a consequence of the change in the base rate, HMRC interest rates for late payment and repayment will increase.

These changes will come into effect on:

- 14 November 2022 for quarterly instalment payments
- 22 November 2022 for non-quarterly instalments payments

[Information on the interest rates for payments](#) will be updated shortly.

HMRC interest rates are set in legislation and are linked to the Bank of England base rate.

Late payment interest is set at base rate plus 2.5%. Repayment interest is set at base rate minus 1%, with a lower limit – or ‘minimum floor’ – of 0.5%.

The differential between late payment interest and repayment interest is in line with the policy of other tax authorities worldwide and compares favourably with commercial practice for interest charged on loans or overdrafts and interest paid on deposits.

The rate of late payment interest encourages prompt payment and ensures fairness for those who pay their tax on time, while the rate of repayment

interest fairly compensates taxpayers for loss of use of their money when they overpay or pay early.

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