

Interest on Tax Reserve Certificates

The Government Gazette published today (November 4) contains a Legal Notice to the effect that the Secretary for Financial Services and the Treasury has authorised a change in the rate of interest payable on Tax Reserve Certificates. From November 7, 2022, the new annual rate of interest will be 0.3167 per cent against the current rate of 0.175 per cent, i.e. the new rate will be \$0.0264 per month per \$100.

Tax Reserve Certificates bear simple interest, and interest is calculated monthly (including part of a month) from the date of purchase to the date of payment of tax.

Interest is only credited when certificates are used to pay tax and no interest is due where the principal value of a certificate is repaid to its holder.

The rate of interest payable on Tax Reserve Certificates is periodically revised in line with the market trend. Currently, it is reviewed every month based on the average prevailing interest rate for the 12-month time deposit for \$100,000 to \$499,999 offered by the three note-issuing banks.

The new rate will apply to all certificates purchased on or after November 7, 2022. Certificates purchased before November 7, 2022, will continue to earn interest at the rates prevailing on their respective purchase dates. Below is a summary of the interest rates for the past periods:

For certificates purchased on or after December 7, 2020, and before April 7, 2021:	0.1500 per cent per annum
For certificates purchased on or after April 7, 2021, and before May 3, 2021:	0.1167 per cent per annum
For certificates purchased on or after May 3, 2021, and before June 7, 2021:	0.0833 per cent per annum
For certificates purchased on or after June 7, 2021, and before June 6, 2022:	0.0500 per cent per annum
For certificates purchased on or after June 6, 2022, and before October 3, 2022:	0.1333 per cent per annum
For certificates purchased on or after October 3, 2022 and before November 7, 2022:	0.1750 per cent per annum

For certificates purchased on or after
November 7, 2022, until further notice:

0.3167 per cent per
annum

This is always subject to the general rule that interest ceases to
accrue after 36 complete months.