

Interest on Tax Reserve Certificates

The Government Gazette published today (August 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 August 7, 2023, the new annual rate of interest will be 0.8833 per cent against the current rate of 0.8083 per cent, i.e. the new rate will be \$0.0736 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 August 7, 2023. Certificates purchased before August 7, 2023, 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 November 7, 2022, and before December 5, 2022:	0.3167 per cent per annum
For certificates purchased on or after December 5, 2022, and before January 3, 2023:	0.4000 per cent per annum
For certificates purchased on or after January 3, 2023, and before March 6, 2023:	0.5833 per cent per annum
For certificates purchased on or after March 6, 2023, and before April 3, 2023:	0.7500 per cent per annum
For certificates purchased on or after April 3, 2023, and before June 5, 2023:	0.7667 per cent per annum
For certificates purchased on or after June 5, 2023, and before August 7, 2023:	0.8083 per cent per annum
For certificates purchased on or after August 7, 2023, until further notice:	0.8833 per cent per annum

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