

# Interest on Tax Reserve Certificates

The Government Gazette published on November 1, 2019, 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 January 17, 2020, the new annual rate of interest will be 0.3667 per cent against the current rate of 0.25 per cent, i.e. the new rate will be \$0.0306 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 twelve-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 January 17, 2020. Certificates purchased before January 17, 2020, will continue to earn interest at the rates prevailing on their respective purchase dates. More interest rate information can be found on the Inland Revenue Department website ([www.ird.gov.hk](http://www.ird.gov.hk)). The public can also obtain a copy of the Tax Reserve Certificate Interest Rate Table from the 24-hour information hotline at 1878033. Below is a summary of the interest rates for the past periods:

For certificates purchased on or after June 1, 2009, and before August 3, 2009;	0.1167 per cent per annum
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For certificates purchased on or after August 3, 2009, and before December 7, 2009;	0.0833 per cent per annum
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For certificates purchased on or after December 7, 2009, and before January 4, 2010;	0.0667 per cent per annum
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For certificates purchased on or after	0.0433 per cent per annum
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January 4, 2010, and before August 6, 2018;

For certificates purchased on or after August 6, 2018, and before November 5, 2018; 0.0767 per cent per annum

For certificates purchased on or after November 5, 2018, and before January 17, 2020; and 0.2500 per cent per annum

For certificates purchased on or after January 17, 2020, until further notice. 0.3667 per cent per annum

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