

Interest on Tax Reserve Certificates

The Government Gazette published on January 31, 2020, contains a Legal Notice to the effect that the Acting Secretary for Financial Services and the Treasury has authorised a change in the rate of interest payable on Tax Reserve Certificates. From February 3, 2020, the new annual rate of interest will be 0.3167 per cent against the current rate of 0.3667 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 February 3, 2020. Certificates purchased before February 3, 2020, 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 August 3, 2009, and before December 7, 2009:	0.0833 per cent per annum
For certificates purchased on or after December 7, 2009, and before January 4, 2010:	0.0667 per cent per annum
For certificates purchased on or after January 4, 2010, and before August 6, 2018:	0.0433 per cent per annum
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:	0.2500 per cent per annum

For certificates purchased on or after
January 17, 2020, and before February 3, 2020:

0.3667 per cent per
annum

For certificates purchased on or after
February 3, 2020, 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.