

# Interest on Tax Reserve Certificates

Government Gazette published today (August 3) 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 6, 2018, the new annual rate of interest will be 0.0767% against the current rate of 0.0433%; that is, the new rate will be \$0.0064 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 six-month time deposit below \$100,000 offered by the three note-issuing banks.

The new rate will apply to all certificates purchased on or after August 6, 2018. Certificates purchased before August 6, 2018, will continue to earn interest at the rates prevailing on their respective purchase dates. More interest rate information can be found in the Inland Revenue Department website ([www.ird.gov.hk](http://www.ird.gov.hk)). The public can also obtain a copy of Tax Reserve Certificate Interest Rate Table from our 24-hour information hotline at 1878033. Below is a summary of the interest rates for past periods:

For certificates purchased on or after January 5, 2009 and before February 2, 2009;	0.3667% per annum
For certificates purchased on or after February 2, 2009 and before June 1, 2009;	0.2667% per annum
For certificates purchased on or after June 1, 2009 and before August 3, 2009;	0.1167% per annum
For certificates purchased on or after August 3, 2009 and before December 7, 2009;	0.0833% per annum

For certificates purchased on or after December 7, 2009 and before January 4, 2010;	0.0667% per annum
For certificates purchased on or after January 4, 2010 and before August 6, 2018; and	0.0433% per annum
For certificates purchased on or after August 6, 2018, until further notice.	0.0767% per annum

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