



***Inland Revenue Notes for Payroll Software Developers
Supplementary Edition***

SERIES 10 – NUMBER 8

December 2001

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1. **Beneficial Loans: official rate of interest for 2001-2002**

Regulations have been made to reduce the 'official rate' of interest applying to beneficial loans to employees by reason of their employment from 6.25% to 5% with effect from 6 January 2002.

In the March 2001 (Series 10 Issue 5) edition of the notes we announced that the official rate of interest was set to remain at 6.25% for the whole of the 2001-2002 tax year. This followed the general de-regulatory measure announced in a Press Release of 25 January 2000 to set the official rate in advance for the whole of the following year.

The Press Release of 25 January 2000 made it clear, however, that this policy would be reviewed if mortgage rates were to fall significantly to ensure that employees were not being overtaxed on the benefit. As a result of the recent reductions in mortgage rates by banks and building societies following cuts in the Bank of England base rate, it has been decided to reduce the official rate from an early date in 2001-2002, rather than postpone this reduction until the start of 2002-2003.

So for 2001-2002 the official rate will be 6.25% up to and including 5 January 2002 and 5% thereafter. The **average** official rate of interest for 2001-2002 will be 5.94%. The official rate of 5% will continue to apply to the whole of the 2002-2003 tax year, subject to review in the event of further significant changes in mortgage rates.

2. **Next issue of these notes**

The next issue of these notes is scheduled for March 2002 following the Chancellor's Budget announcement.

3. **Mailing List for these Notes**

Requests to be included on (or deleted from) the mailing list and notifications of address changes should be put in writing and sent to:

**"Inland Revenue Notes for Payroll Software Developers",
PO Box 1460,
Bristol BS99 3NW.**

Or you can email: irnotes@reply.co.uk

4. **Receiving future editions of these Notes by email**

If you would prefer to receive future editions of the IR Notes for Payroll Software Developers by email, instead of a paper copy, please request this by email to the address below.

Please make your request to: irnotes@reply.co.uk, remembering to include your email address and company name and address.

You can also request this in writing to:

**“Inland Revenue Notes for Payroll Software Developers”,
PO Box 1460,
Bristol BS99 3NW.**

Contacts for enquiries

*If you require further information about any of the subjects included in these Notes, please ring the Helpline numbers quoted **before** contacting the Electronic Business Unit.*

Any other query you have about the contents of the “Specification” or the “Inland Revenue Notes for Payroll Software Developers” should be made to:

Electronic Business Unit,
Crown House,
Victoria Street,
Shipley,
West Yorkshire BD17 7TW.

Telephone: **0845 60 55 999**
Fax: **01274 534618**
E-mail: helpdesk@ir-efile.gov.uk.

General payroll enquiries should be directed to your local Inland Revenue Office or to the Employer’s Helpline whose number is **0845 7 143 143**

Please note, that EBU cannot deal with change of mailing address information, which should be directed to ‘PO Box 1460’ as detailed above.