

HMRC late payment interest rates increase from 6 April 2025

Synopsis: HMRC's changes to payment interest rates.

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HMRC interest rates for late payments will be increased by 1.5% for all taxes from 6 April 2025 following a change in legislation. This increase was announced at Autumn Budget 2024 and the change will take effect from 6 April 2025.

Please see [Information on the interest rates for payments](#).

HMRC interest rates are set in legislation and are linked to the Bank of England base (bank) rate.

Late payment interest was set at base rate plus 2.5%. From 6 April 2025 this will increase to base rate plus 4.00% for most taxes.

Repayment interest is set at base rate minus 1%, with a lower limit - or 'minimum floor' - of 0.5% and remains unchanged.

This means that HMRC will increase the current late payment interest rate applied to the main taxes and duties from 7% to 8.5%, effective from 6 April 2025.

The corporation tax pay and file interest rate will also be increased in line with the general interest rate rise to 8.5% from 6 April 2025.

The increase applies to all other HMRC late payment rates, with an across the board increase of 1.5% to 8.5%.

The exception is interest charged on underpaid quarterly corporation tax instalment payments, which increases to 7% (from 5.5%) from 6 April 2025.

The repayment interest rate of 3.5% will remain unchanged.

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