EXECUTIVE NOTE

The Non-Domestic Rating (Payment of Interest) (Scotland) Amendment Regulations 2009

SSI/2009/76

The above instrument is made in exercise of the powers conferred by section 9A(2) of the Local Government (Scotland) Act 1975 and by all other enabling powers. The instrument is subject to the negative resolution procedure.

Background

Under The Non-Domestic Rating (Payment of Interest) (Scotland) Regulations 1992 if a business overpays non-domestic rates to a local authority they are entitled to the repayment of this amount, plus interest. This interest is calculated as being 1% lower than the base interest rate on 15th March of the preceding year.

Policy Objective

The purpose of the amended Regulations is to provide that no interest will be payable if, in any year, the Bank of England base rate is 1% or less. This is to avoid uncertainty about whether the regulations would require application of a negative interest rate if that rate fell below 1%.
The Regulations also clarifies that the interest payable should be calculated using the Bank of England base rate and revoke provisions relating to historic repayments made before 1st October 1992.

Consultation

Although there is no statutory obligation to consult on this instrument, we will write to Local Authorities advising them of the interest rate to be applied to any non-domestic rate overpayment and, at that time, will draw their attention to the changes outlined above.

Regulatory Impact Assessment

No Regulatory Impact Assessment is required because the instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector.

Financial Effects

There are no additional financial implications arising from this order.

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Local Government Division
26 February 2009