

## **EXPLANATORY MEMORANDUM TO**

### **The Price Marking (Amendment) Order (Northern Ireland) 2011**

#### **SR 2011 No. 330**

#### **1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department of Enterprise, Trade and Investment to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under powers conferred by section 4 of the Prices Act 1974 and is subject to the negative resolution procedure in the Assembly.
- 1.3. The Rule is due to come into operation on 1 November 2011.

#### **2. Purpose**

- 2.1. This Order amends the Price Marking Order (Northern Ireland) 2004 (SR 2004 No 368) (“the PMO”) to allow traders to indicate changes to the Value Added Tax (VAT) rate on goods by way of a general notice for a period of up to 28 days. The PMO currently allows traders to display a general notice for 14 days.

#### **3. Background**

- 3.1. The PMO implements (in Northern Ireland) European Directive 98/6/EC on consumer protection in the indication of the prices of products offered to consumers. The PMO came into operation on 1 March 2005. It covers products, not services, and is limited to sales between traders and consumers. The PMO requires the selling price and, where appropriate, the unit price of products to be clearly displayed. All prices must be inclusive of VAT and must be “unambiguous, easily identifiable and clearly legible”. There is no requirement to price mark items individually. Prices can be shown on the goods themselves, on a ticket or notice on or near to them, or grouped together with other prices on a list or catalogue(s) in close proximity to them.
- 3.2. The PMO also provides that where there is a change to the VAT rate, a trader is permitted to notify consumers by way of a general notice that a VAT adjustment will be made to any purchases. The general notice must itself be unambiguous, easily identifiable and clearly legible, and “in proximity” to the product. However, the general notice is permitted only for a period of 14 days, after which, the retailer must provide for proper pricing information in accordance with the PMO. A failure to do so would be in breach of the PMO, and a breach of the Order is an offence under the Prices Act 1974. This Order amends Article 12(a) of the PMO to increase the period by which a general notice is permissible to 28 days.

#### **4. Consultation**

- 4.1. In accordance with section 4(3) of the Prices Act 1974, the Department consulted with interested parties but no substantive comments were received.

#### **5. Equality Impact**

- 5.1. The provisions of the Order have been considered by the Department against the criteria set out in the Department's Equality Scheme and do not have any adverse implications for Section 75 groups. An Equality Impact Assessment for the Order is not therefore required.

#### **6. Regulatory Impact**

- 6.1. An Impact Assessment to accompany the Order has not been prepared as there are no new burdens being imposed on the private or voluntary sector.

#### **7. Financial Implications**

- 7.1. Neutral. Businesses may be able to plan the introduction of the changes better and by having more time to do so may be more sure of complying. Absorbing the costs of compliance at a slightly later date will provide more scope for flexibility in labour costs so could actually reduce the costs for business.

#### **8. Section 24 of the Northern Ireland Act 1998**

- 8.1. There are no human rights issues contained in the Order. It is the view of the Department that the Order is compatible with section 24 of the Northern Ireland Act 1998.

#### **9. EU Implications**

- 9.1. There are no EU implications for NI under this Order.

#### **10. Parity or Replicatory Measure**

- 10.1. The Order is a parity measure and replicates for Northern Ireland a corresponding GB provision contained in the Price Marking (Amendment) Order 2009 (S.I. 2009/3231) which came into force on 1 January 2010.

#### **11. Additional Information**

- 11.1. Not applicable.