

**POLICY NOTE**  
**THE REVENUE SCOTLAND AND TAX POWERS ACT (INTEREST ON UNPAID**  
**TAX AND INTEREST RATES IN GENERAL) REGULATIONS 2015**  
**SSI 2015/xxx**

The above instrument was made in exercise of the powers conferred by sections 217(2) and 220(1) of the Revenue Scotland and Tax Powers Act 2014 (“RSTPA 2014”). The instrument is subject to the affirmative procedure.

### **Policy Objectives**

Part 2 of these Regulations includes a table that sets out the “relevant dates” from which interest on unpaid tax would run from in a variety of different circumstances, including in a case where a taxpayer has died.

Part 3 sets the interest rate for the late payment of tax should be the Bank of England rate plus 2.5%. The repayment rate would be the higher of 0.5% and the Bank of England rate. Any change of interest rate would not apply within three working days of the announcement of a new Bank of England Rate.

### **Consultation**

A public consultation opened on 6 October 2014 on the proposed subordinate legislation under RSTPA 2014, including draft SSIs with a closing date of 9 January 2015. The consultation paper and draft SSI is available at:

<http://www.scotland.gov.uk/Publications/2014/10/4714>.

Several respondents questioned the gap between the late payment and repayment interest rates. Some argued that the same interest rate should be used in both cases while others accepted that the rates should be different but argued that the gap initially proposed was too wide. In response to these arguments the repayment interest rate has been amended from the higher of 0.5% and the Bank of England Rate minus 1 to the higher of 0.5% and the Bank of England Rate. This means that the gap between the late payment rate and the repayment rate will be a maximum of 2.5% rather than 3.5% as initially proposed. The reason for the higher interest rate in relation to late payment is to provide an incentive for the taxpayer to pay tax which is due promptly.

A full list of those consulted and the responses of those who agreed to the release of this information and the Scottish Government response will be published on the Scottish Government’s website in due course.

### **Impact Assessments**

An equality impact assessment has been completed on the Revenue Scotland and Tax Powers Bill and is attached available at <http://www.scotland.gov.uk/Publications/2014/10/4242>. The instrument is consequential in nature and no further impact assessments are required.

## **Financial Effects**

There are no wider financial effects that go beyond the setting of a late payment and repayment rate.

**Scottish Government  
Fiscal Responsibility Division  
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