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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order makes provision in relation to the payment of fees in relation to the authorisation of insolvency practitioners and the operation of the Insolvency Services Account. Section 415A under which this Order is made was inserted into the Insolvency Act 1986 by section 270 of the Enterprise Act 2002. Copies of the regulatory impact assessment for this Act are available from the Policy Unit, The Insolvency Service 21 Bloomsbury Street, London, WC1B 3QW.

Article 2 of the Order makes provision for the payment of fees by bodies seeking recognition pursuant to section 391 and by bodies recognised pursuant to section 391 of the Insolvency Act 1986 in respect of the maintenance of their recognition under that section.

Article 3(3) of the order makes provision for the payment of a fee in respect of an application pursuant to section 392 of the Insolvency Act 1986 for an authorisation to act as insolvency practitioner. The fee to accompany an application for authorisation to act as an insolvency practitioner is prior to the coming into force of this Order £100. This fee has remained at its current level for over 12 years. The level of the fee no longer covers the costs associated with the processing of applications and it was accordingly decided that it should be raised to £2,000 to cover the costs associated with deciding applications for authorisation. This fee is roughly comparable with the fees charged to members by bodies recognised pursuant to section 391. Article 3 also makes provision for the payment of fees in respect of the maintenance of authorisations granted pursuant to section 393. Articles 3(1) and 3(2) make provision for the payment of fees by persons who are holders of an authorisation on the principal commencement date in respect of the maintenance of those authorisations. A fee is introduced by Article 3(4) which is charged on each anniversary of the granting of an authorisation to act as an insolvency practitioner whilst that the authorisation remains in force. This fee is designed to recover the costs associated with the monitoring of insolvency practitioners authorised by the Secretary of State including the making of monitoring visits and the handling of complaints. Monitoring visits are made on a regular basis by the Insolvency Practitioners Unit of the Insolvency Service. The Unit carries out checks to ensure that those authorised to act as insolvency practitioners by the Secretary of State continue to be fit and proper to hold an authorisation. Article 3(5) makes provision for reduction of the fee in respect of the maintenance of the authorisation in cases where the authorisation has less than a year to run. Article 4 makes provision to charge fees in respect of applications for authorisations made before 1st April 2004 which are made to avoid payment of the new fees.

Article 5 and the Schedule to this Order make provision for the payment of fees in relation to the holding with the Secretary of State of an account relating to monies held in the Insolvency Services Account in liquidations and bankruptcies. Provision is also made for the payment of fees in relation to the issue of cheques and other instruments and the making of electronic transfers of funds held in the Insolvency Services Account. Article 6 of the Order makes provision for the payment of VAT where this is payable on fees.