

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe income and asset limits and other conditions in relation to debtor applications for sequestration on the basis of “low asset, low income” grounds as provided for in section 5(2B)(c)(ia) of the Bankruptcy (Scotland) Act 1985 as inserted by section 15 of the Bankruptcy and Diligence (Scotland) Act 2007. (Section 5A of the Bankruptcy (Scotland) Act 1985 has other important restrictions on this route into bankruptcy, including a condition that the applicant must not own land, that is have any title (however heavily mortgaged) in land or buildings.)

The Regulations also amend section 39A of the Bankruptcy (Scotland) Act 1985, as inserted by section 19(2) of the Bankruptcy and Diligence (Scotland) Act 2007, to add to the circumstances which preclude a family home reinvesting in the debtor three years after sequestration.