

2002 No. 336

CONTRACTS

**The Late Payment of Commercial Debts (Rate of Interest)
(Scotland) Order 2002**

<i>Made</i>	<i>2nd July 2002</i>
<i>Laid before the Scottish Parliament</i>	<i>4th July 2002</i>
<i>Coming into force</i>	<i>7th August 2002</i>

The Scottish Ministers, having considered the extent to which it may be desirable to set the rate of statutory interest so as to protect suppliers whose financial position makes them particularly vulnerable if their qualifying debts are paid late and deter generally the late payment of qualifying debts, in exercise of the power conferred on them by section 6 of the Late Payment of Commercial Debts (Interest) Act 1998(a), and of all other powers enabling them in that behalf, hereby make the following Order:

Citation, commencement and extent

1.—(1) This Order may be cited as the Late Payment of Commercial Debts (Rate of Interest) (Scotland) Order 2002 and shall come into force on 7th August 2002.

(2) This Order extends to Scotland only.

Revocation

2. The Late Payment of Commercial Debts (Rate of Interest) (No. 2) Order 1998(b) is revoked.

Interpretation

3. In this Order, “the official dealing rate” means the rate announced from time to time by the Monetary Policy Committee(c) of the Bank of England (“the Bank”) and for the time being in force as the official dealing rate, being the rate at which the Bank is willing to enter into transactions for providing short term liquidity in the money markets.

(a) 1998 c.20; the functions of the Secretary of State, insofar as they relate to Scotland, were transferred to Scottish Ministers by virtue of section 53 of the Scotland Act 1998 (c.46).

(b) S.I. 1998/2765.

(c) The Monetary Policy Committee was constituted on a statutory basis by section 13 of the Bank of England Act 1998 (c.11).

Rate of statutory interest

4. The rate of interest for the purposes of the Late Payment of Commercial Debts (Interest) Act 1998 shall be 8 percent per annum over the official dealing rate in force on the 30th June (in respect of interest which starts to run between 1st July and 31st December) or the 31st December (in respect of interest which starts to run between 1st January and 30th June) immediately before the day on which statutory interest starts to run.

St Andrew's House,
Edinburgh
2nd July 2002

LEWIS MACDONALD
Authorised to sign by the Scottish Ministers

EXPLANATORY NOTE

(This note is not part of the Order)

This Order replaces the Late Payment of Commercial Debts (Rate of Interest) (No. 2) Order 1998 (S.I. 1998/2765), which is revoked by Article 2.

The Late Payment of Commercial Debts (Interest) Act 1998 (“the Act”) provides qualifying creditors with a statutory right to claim interest on qualifying debts from qualifying debtors. This Order, made under section 6 of the Act, sets the rate of statutory interest which may be claimed.

The variable rate of statutory interest is that set as the official dealing rate of the Bank of England in force at the time when late payment interest becomes payable plus 8 per cent (Article 4). The official dealing rate of the Bank of England is announced from time to time by the Bank’s Monetary Policy Committee. The rate is sometimes called the “repo” rate, since repos or sale and repurchase agreements are one type of monetary policy instrument used by the Bank. At the time of making this Order, the official dealing rate is published daily in the “Financial Times” (except on Sundays), together with the date on which the rate was last announced. It is referred to as the “UK clearing bank base lending rate” and can be found in the section entitled “London Money Rates”. It is also published on the Bank of England website, www.bankofengland.co.uk.

For the purposes of this Order the official dealing rate to be used is that in force on 30th June or 31st December in any year. This rate will apply as the official dealing rate for the following six month period, namely 1st July to 31st December or 1st January to 30th June respectively.

This Order partially implements Directive 2000/35/EC of the European Parliament and Council of 29th June 2000 on combating late payment in commercial transactions.

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