



TECHNICAL ALERT

The Coronavirus (Scotland) (No.2) Bill

Important changes to Bankruptcy (Scotland) Act 2016

On Monday 11 May 2020 [the Coronavirus \(Scotland\) \(No.2\) Bill](#) was published and included a number of important changes to bankruptcy legislation applicable in Scotland. The Bill is likely to come into effect by the end of the month as it will be subject to an expedited procedure to obtain Parliament's approval.

The changes will be temporary; initially five months from when the Bill becomes legislation. The changes are as follows –

Coronavirus (Scotland) (No.2) Bill Schedule 1—Protection of the individual Part 3—Bankruptcy

(5) Electronic service of documents

Bankruptcy circulars may be sent electronically with the assent of the recipient.

(6) Financial criteria for minimal asset process ('MAP')

Changes to MAP administration:

- the debt ceiling is increased from £17,000 to £25,000;
- student debt is exempted from the debt ceiling calculation.

(7) Meaning of "qualified creditor"

Creditors may petition for the sequestration of individuals / entities when owed at least £3,000. This minimum debt threshold will be increased to £10,000.

(8) Deadline for sending proposals for debtor's contribution

The deadline for trustees to send their Debtor Contribution Order proposals to the Accountant in Bankruptcy ('AiB') in creditor petition bankruptcies is increased from 6 to 12 weeks;

(9) Virtual meetings of creditors

Virtual statutory meetings of creditors are permitted.

"Every meeting must be held either—

(a) in such place (whether or not in the sheriffdom) as is, in the opinion of the person calling the meeting, the most convenient for the majority of the creditors, or

(b) by such electronic means as would, in the opinion of the person calling the meeting, be most convenient to allow the majority of the creditors to participate in the meeting without being together in the same place."

Electronic signature of forms

(10) All statutory forms detailed in the [Bankruptcy \(Scotland\) Regulations](#) can be completed with electronic signatures.

Fees for debtor applications

(11) Currently, the application fee in full administration bankruptcies is £200, this will be reduced to £150.

MAP application fees are removed for those whose sole income is derived from benefits, and reduced to £50 from the current £90 for all others.

Registers of Scotland

The Bill also includes a provision to introduce electronic transmission of inhibitions and inhibition renewals to Registers of Scotland.

Minister for Business, Fair Work and Skills, Jamie Hepburn, said:

*“We are aware of the ongoing financial difficulties faced by individuals during this unpredictable time; and also recognise the restrictions placed on those administering the insolvency process and the challenges this can pose”
“I hope these additional temporary measures will help – and we will continue to look at what more might be required as we start to think about the coming months.”*

~End~