House of Commons

Select Committee on Statutory Instruments

Seventh Report of Session 2024-25

HC 294-vii

Drawing special attention to:

The Taxes and Duties, Etc (Interest Rate) (Amendment) Regulations 2025

Select Committee on Statutory Instruments

Current membership

Sir Bernard Jenkin (Conservative; Harwich and North Essex) (Chair)

Lewis Atkinson (Labour; Sunderland Central)

Rachel Blake (Labour; Cities of London and Westminster)

Charlie Maynard (Liberal Democrat; Witney)

Andrew Pakes (Labour; Peterborough)

David Pinto-Duschinsky (Labour; Hendon)

Gareth Snell (Labour; Stoke-on-Trent Central)

Powers

The full constitution and powers of the Committee are set out in House of Commons Standing Order No. 151, available on the Internet via https://www.parliament.uk/business/publications/commons/standing-orders-public11/.

The Select Committee on Statutory Instruments (SCSI) is appointed to consider statutory instruments made in exercise of powers granted by Act of Parliament. It carries out the same duties as the Joint Committee on Statutory Instruments in respect of those instruments laid before and subject to proceedings in the House of Commons only.

The role of the SCSI, whose membership is drawn from the House of Commons, is to assess the technical qualities of each instrument that falls within its remit and to decide whether to draw the special attention of the House to any instrument on one or more of the following grounds:

i. that it imposes, or sets the amount of, a charge on public revenue or that it requires payment for a licence, consent or service to be made to the Exchequer, a government department or a public or local authority, or sets the amount of the payment;

ii. that its parent legislation says that it cannot be challenged in the courts;

iii. that it appears to have retrospective effect without the express authority of the parent legislation;

iv. that there appears to have been unjustifiable delay in publishing it or laying it before Parliament;

v. that there appears to have been unjustifiable delay in sending a notification under the proviso to section 4(1) of the Statutory Instruments Act 1946, where the instrument has come into force before it has been laid;

vi. that there appears to be doubt about whether there is power to make it or that it appears to make an unusual or unexpected use of the power to make;

vii. that its form or meaning needs to be explained;

viii. that its drafting appears to be defective;

ix. or on any other ground which does not go to its merits or the policy behind it.

Publication

This Report, together with formal minutes relating to the report, was Ordered by the House of Commons, on 30 April 2025, to be printed. It was published on 2 May 2025 by authority of the House of Commons.

Committee reports are published on the Committee's website at www.parliament.uk/scsi and in print by Order of the House.

Contacts

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Contents

Instruments reported

At its meeting on 30 April 2025 the Committee scrutinised a number of instruments in accordance with Standing Orders. It was agreed that the special attention of the House of Commons should be drawn to one of those considered. The instrument and the grounds for reporting are given below. The relevant departmental memorandum is published as an appendix to this report.

1 S.I. 2025/386: Reported for failure to comply with proper legislative practice

The Taxes and Duties, Etc (Interest Rate) (Amendment) Regulations 2025

1.1 **The Committee draws the special attention of this House to these Regulations on the ground that they fail to comply with proper legislative practice in one respect.**

1.2 These Regulations amend legislation to increase the late payment interest rate on amounts payable to HMRC in respect of unpaid tax liabilities. The Regulations were laid on 26 March 2025 and came into force 11 days later on 6 April 2025. Accordingly, this instrument broke the 21-day rule, which provides that for negative instruments there should be at least 21-days between an instrument being laid and coming into force. In its Explanatory Memorandum, His Majesty's Revenue and Customs (HMRC), on behalf of HM Treasury, said that the reason the instrument was laid on 26 March 2025 was for it to be laid on the same day as other announcements to tackle tax debt. The Committee asked HMRC whether it had anything to add to this explanation.

1.3 In a memorandum printed at Appendix 1, the Department acknowledges the value of upholding the conventions of the rule wherever possible and apologises for the breach. The Department goes onto explain that the policy was first announced at Autumn Budget on 30 October 2024 and received media coverage at the time, and while it recognises this does not rectify the breach, the Department asserts that this prior notice may have gone some way to mitigate its practical impact. The Department also explains that a range of other measures on tax debt were introduced in the

Spring Statement and it was therefore deemed necessary to delay laying the instrument to confirm the position of this measure alongside these other announcements. The Committee refers to its First Special Report of Session 2017–19, *Transparency and Accountability in Subordinate Legislation*, at paragraphs 2.18 to 2.23. The Committee stresses the importance of compliance with the 21-day rule, which is designed to protect those affected by changes in the law made by subordinate legislation from being subject to the effect of the changes before they have had a reasonable opportunity to understand the effects and what they must do to satisfy any requirements. **The Committee accordingly reports these Regulations for failure to comply with proper legislative practice, acknowledged by the Department.**

Instruments not reported

The Committee has considered the instruments set out in the Annex to this Report, none of which were required to be reported.

Annex

Draft instruments requiring affirmative approval

S.I. Number	S.I. Title
Draft	The Finance Act 2021 (Increase in Schedule 26 Penalty Percentages) Regulations 2025
Draft	The Scotland Act 1998 (Increase of Borrowing Limits) Order 2025

Instruments subject to annulment

S.I. Number	S.I. Title
S.I.2025/200	The Co-ownership Contractual Schemes (Tax) Regulations 2025
S.I.2025/212	The Income Tax (Exemption of Scottish Adult Disability Living Allowance) Regulations 2025
S.I.2025/228	The Excise Duties (Surcharges or Rebates) (Hydrocarbon Oils etc.) Order 2022 (Continuation) Order 2025
S.I.2025/252	The Public Service Pensions Revaluation Order 2025
S.I.2025/270	The Taxes (Interest Rate) (Amendment) Regulations 2025

S.I. Number	S.I. Title
S.I.2025/294	The Income Tax (Pay As You Earn) (Amendment) Regulations 2025
S.I.2025/326	The Statutory Neonatal Care Pay (Miscellaneous Amendments) Regulations 2025
S.I.2025/327	The Help-to-Save Accounts Regulations 2025
S.I.2025/383	The Relief for Creative Industries (Additional Information Requirements and Miscellaneous Amendments) (Amendment) Regulations 2025
S.I.2025/406	The Multinational Top-up Tax (Pillar Two Territories, Qualifying Domestic Top-up Taxes and Accredited Qualifying Domestic Top-up Taxes) Regulations 2025
S.I.2025/434	The Horizon Shortfall Scheme Appeals (Tax Exemptions and Relief) Regulations 2025

Appendix: Memorandum from His Majesty's Revenue and Customs

S.I. 2025/386

The Taxes and Duties, Etc (Interest Rate) (Amendment) Regulations 2025

1. The Committee has asked His Majesty's Treasury for a memorandum on the following point:

   > *Does the Department have anything to add to its explanation in paragraph 11.1 of the Explanatory Memorandum as to why this instrument breached the 21-day rule?*

2. This memorandum has been prepared by His Majesty's Revenue and Customs on behalf of HM Treasury.

3. The Department regrets that this instrument did not comply with the 21-day rule and apologises for the breach. The Department recognises the value of upholding the conventions of the rule wherever possible.

4. The instrument came into force eleven days after being laid. Although it does not compensate for the breach of the 21-day rule, we note the policy's announcement at Autumn Budget on 30 October 2024 and subsequent media coverage. The Department recognises that, while this does not rectify the breach, the prior notice of the measure may have gone some way to mitigate its practical impact.

5. A range of other measures on tax debt were introduced at Spring Statement including a related measure on late payment penalties. The government considered it would be most appropriate to confirm the position of this measure alongside these other announcements.

6. As a result of requiring confirmation of this measure alongside the Spring Statement process, it was deemed necessary to delay laying the statutory instrument.

His Majesty's Revenue and Customs

15 April 2025

Formal Minutes

Wednesday 30 April 2025

Members present

Sir Bernard Jenkin, in the Chair

Lewis Atkinson

David Pinto-Duschinsky

Report consideration

Draft Report (Seventh Report), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1.1 to 1.3 read and agreed to.

Annex agreed to.

A Paper was appended to the Report as an Appendix.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Adjournment

Adjourned to a day and time to be fixed by the Chair.

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2024–25

Number	Title	Reference
6th	Sixth Report of Session 2024–25 - No Statutory Instruments Reported	HC 294-vi
5th	Fifth Report of Session 2024–25 - No Statutory Instruments Reported	HC 294-v
4th	Fourth Report of Session 2024–25 - 1 Statutory Instrument Reported	HC 294-iv
3rd	Third Report of Session 2024–25 - No Statutory Instruments Reported	HC 294-iii
2nd	Second Report of Session 2024–25 - No Statutory Instruments Reported	HC 294-ii
1st	First Report of Session 2024–25 - 1 Statutory Instrument Reported	HC 294-i