

To Trustees

Our Ref FC/OPC/OVR

By e-mail only

Date 14 September 2015

Dear Trustee

### **Overtime/Bonus in the Common Financial Tool**

The Accountant in Bankruptcy (the Accountant) has become aware of disparities with the approach taken when including a debtor's overtime/bonus to calculate a possible contribution using the Common Financial Tool.

Regulation 3(2) of The Common Financial Tool etc. (Scotland) Regulations 2014 states that;

'The debtor's contribution is to be the debtor's whole surplus income (assessed for instance weekly, fortnightly or monthly in accordance with the Common Financial Statement) in excess of the lower of—

- (a) the debtor's expenditure over that period; or
- (b) the trigger figures for a reasonable amount of expenditure published from time to time as part of the Common Financial Statement.'

Therefore, the entire surplus income must be fixed as a contribution when The Accountant makes a Debtor Contribution Order (DCO). The regulations do not allow for flexibility with respect of excluding a percentage of overtime/bonus from the income section of the calculation.

Where a debtor receives an irregular overtime or bonus payment(s) this should be averaged over a 12 month period and a contribution assessed on that basis. Any calculation for a variation of the DCO should apply the same process as the initial application for the making of the DCO.



I would be grateful if you could bring the content of this letter to the attention of all members of your staff who are involved in the application for, and administration of, bankruptcies.

Your faithfully

Fiona Coyle  
Head of Operational Policy & Compliance