SCOTTISH STATUTORY INSTRUMENTS

2025 No. 40

RATING AND VALUATION

The Non-Domestic Rates (Hospitality Relief) (Scotland) Regulations 2025

Made - - - -	*18th February 2025*
Laid before the Scottish Parliament	*20th February 2025*
Coming into force - -	*1st April 2025*

The Scottish Ministers make the following Regulations in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994(**a**) and all other powers enabling them to do so.

Citation and commencement

1. These Regulations may be cited as the Non-Domestic Rates (Hospitality Relief) (Scotland) Regulations 2025 and come into force on 1 April 2025.

Interpretation

2. In these Regulations—

"lands and heritages" has the meaning prescribed by and under section 42 (interpretation clause) of the Lands Valuation (Scotland) Act 1854(**b**),

"rates" means non-domestic rates levied under section 7B (provisions as to setting of non-domestic rates) of the Local Government (Scotland) Act 1975(**c**),

"the 2022 Regulations" means the Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Regulations 2022(**d**),

"the 2024 Regulations" means the Non-Domestic Rates (Islands and Remote Areas Hospitality Relief) (Scotland) Regulations 2024(**e**), and

"the 2025 Regulations" means the Non-Domestic Rates (Transitional Relief) (Scotland) Regulations 2025(**f**).

(**a**) 1994 c. 39. Section 153 was amended by section 67 of the Climate Change (Scotland) Act 2009 (asp 12) and section 15 of the Non-Domestic Rates (Scotland) Act 2020 (asp 4). The functions of the Secretary of State were transferred to the Scottish Ministers by virtue of section 53 of the Scotland Act 1998 (c. 46).

(**b**) 1854 c. 91 (17 & 18 Vict.). Section 42 was amended by the Statute Law Revision Act 1892 (c. 19), section 1 of the Lands Valuation (Scotland) Amendment Act 1902 (c.25) and section 152(2) of the Local Government etc. (Scotland) Act 1994 (c. 39).

(**c**) 1975 c. 30. Section 7B was inserted by section 110(2) of the Local Government Finance Act 1992 (c. 14) and amended by paragraph 100(4) of schedule 13 of the Local Government etc. (Scotland) Act 1994.

(**d**) S.S.I. 2022/49, amended by S.S.I. 2023/30, S.S.I. 2023/31, S.S.I. 2024/5 and S.S.I. 2025/39.

(**e**) S.S.I. 2024/55.

(**f**) S.S.I. 2025/39.

Applications for relief

3.—(1) An application for relief under these Regulations must—

(a) be signed by the ratepayer or a person authorised to sign on behalf of the ratepayer, and

(b) be made to the rating authority in whose roll the entry for the lands and heritages appears by—

(i) addressing it to the authority, and

(ii) delivering it or sending it to the authority's office by post or electronic communication.

(2) For the purposes of paragraph (1)—

"electronic communication" has the meaning given to it by section 15(1) (general interpretation) of the Electronic Communications Act 2000 ("the 2000 Act")(**a**),

"person authorised to sign on behalf of the ratepayer" means, where the ratepayer is—

(a) a partnership, a partner of that partnership,

(b) a trust, a trustee of that trust,

(c) a body corporate, a director of that body,

"sign" or "signed", in relation to an application made by electronic communication, means an electronic signature, as defined in section 7(2) (electronic signatures and related certificates) of the 2000 Act(**b**).

Relief for lands and heritages used for hospitality purposes

4.—(1) A person liable to pay rates in respect of lands and heritages in the 2025-2026 financial year is entitled to the relief described in paragraph (3) where the conditions described in paragraph (2) are met.

(2) The conditions are—

(a) the lands and heritages are wholly or mainly used for a purpose specified in the classes in the schedule,

(b) the lands and heritages have a rateable value of £51,000 or less,

(c) the person is not granted relief in respect of the lands and heritages under regulation 4 (relief for lands and heritages used for hospitality purposes on islands and in specified remote areas) of the 2024 Regulations, and

(d) an application for relief is made in accordance with regulation 3(1).

(3) Subject to paragraphs (8) and (9), the relief is that the rates payable in respect of the lands and heritages for the day are reduced by an amount equivalent to 40% of the daily gross rates payable.

(4) In this regulation "the daily gross rates payable" means, subject to paragraphs (5) to (7), the rateable value of the lands and heritages, multiplied by 0.498, and then divided by 365.

(5) Where, in respect of any day on which a person is granted relief under this regulation—

(a) the person is also granted relief under Part 3 (improved property) of the 2022 Regulations, and

(b) regulation 7 (amount payable as rates) of the 2025 Regulations does not apply to the lands and heritages,

"the daily gross rates payable" means the rateable value of the lands and heritages minus the reference amount, multiplied by 0.498, and then divided by 365.

(6) Where, in respect of any day on which a person is granted relief under this regulation—

(**a**) 2000 c. 7. Section 15(1) was amended by paragraph 158 of schedule 17 of the Communications Act 2003 (c. 21).
(**b**) Section 7(2) was amended by S.I. 2016/696.

(a) the person is also granted relief under Part 3 of the 2022 Regulations, and

(b) regulation 7 of the 2025 Regulations does apply to the lands and heritages,

"the daily gross rates payable" means the transitional limit calculated in accordance with regulation 10B(5) (relief granted – financial year 2025-2026- lands and heritages in respect of which a relevant increase has been made within the past 12 months) of the 2025 Regulations.

(7) Where, in respect of any day on which a person is granted relief under this regulation—

(a) the person is not granted relief under Part 3 of the 2022 Regulations, but

(b) regulation 7 of the 2025 Regulations does apply to the lands and heritages,

"the daily gross rates payable" means the transitional limit calculated in accordance with regulation 9 (transitional limit) of the 2025 Regulations.

(8) The maximum amount by which the liability of any person liable to pay rates may be reduced under this regulation is £110,000.

(9) Relief granted by this regulation does not apply to the extent that it would reduce the rates payable to an amount less than nil.

(10) In this regulation "the reference amount" means the total amount of any relevant increases under section 2A(5) (mark in valuation roll for new or improved properties) of the Local Government (Scotland) Act 1975(**a**) made in respect of the lands and heritages taking effect on a day within the previous 12 months.

Amendment of the Non-Domestic Rates (Restriction of Relief) (Scotland) Regulations 2023

5.—(1) The Non-Domestic Rates (Restriction of Relief) (Scotland) Regulations 2023(**b**) are amended in accordance with paragraph (2).

(2) In regulation 3(2) (conditions on granting non-domestic rates relief)—

(a) at the end of sub-paragraph (j) omit "and",

(b) at the end of sub-paragraph (k) insert—

", and

(l) regulation 4 of the Non-Domestic Rates (Hospitality Relief) (Scotland) Regulations 2025".

Amendment of the Non-Domestic Rates (Islands and Remote Areas Hospitality Relief) (Scotland) Regulations 2024

6.—(1) The 2024 Regulations are amended in accordance with paragraphs (2) and (3).

(2) In regulation 4(1) (relief for lands and heritages used for hospitality purposes on islands and in specified remote areas) after "2024-2025" insert "or 2025-2026".

(3) In schedule 2 (specified purposes) after Class 10 insert—

"**Class 11 Small music venue**

Use as a venue to host live music events where each of the following conditions is satisfied—

(a) the premises are used as an indoor, permanent venue, operating all-year round,

(b) the venue is used wholly or mainly to host live music events for a public audience, and

(**a**) 1975 c. 30. Section 2A was inserted by section 3 of the Non-Domestic Rates (Scotland) Act 2020 (asp 4) and amended by S.S.I. 2022/126.

(**b**) S.S.I. 2023/28, amended by S.S.I. 2024/5 and S.S.I. 2024/59.

(c) the venue has a maximum capacity of 1500 persons.".

IVAN MCKEE
Authorised to sign by the Scottish Ministers

St Andrew's House,
Edinburgh
18th February 2025

SCHEDULE

Regulation 4(2)(a)

Specified Purposes

Class 1 Bed and breakfast accommodation

Use as bed and breakfast accommodation.

Class 2 Camping site

Use as a camping site.

Class 3 Caravan

Use as a caravan (within the meaning of Part 1 of the Caravan Sites and Control of Development Act 1960(**a**)).

Class 4 Caravan site

Use as a caravan site (within the meaning of Part 1 of the Caravan Sites and Control of Development Act 1960(**b**)).

Class 5 Chalet, holiday hut and bothy

Use as a chalet, holiday hut or bothy.

Class 6 Guest house, hotel and hostel

Use as a guest house, hotel or hostel, where no significant element of care is provided.

Class 7 Public house

Use as a public house or nightclub where the following conditions are satisfied—

(a) a premises licence authorising the sale of alcohol for consumption both on and off the premises has been issued by a licensing board under section 26 (issue of licence and summary) of the Licensing (Scotland) Act 2005(**c**),

(b) the premises are used for such sales to members of the public, principally for consumption on the premises, in accordance with the operating plan contained in the premises licence, and

(c) the operating plan contained in the premises licence does not include any provision that such sales are made subject to those members of the public residing at, or consuming food on, the premises.

Class 8 Restaurant

Use for the sale of food or refreshments to members of the public for consumption on those premises, including any café, coffee shop, bistro, fast food restaurant or snack bar that is so used.

(**a**) 1960 c. 62. The term 'caravan' is defined in section 29(1) of that Act.
(**b**) The term 'caravan site' is defined in section 1(4) of that Act.
(**c**) 2005 asp 16. There are amendments to section 26 that are not relevant to these Regulations.

Class 9 Self-catering holiday accommodation

Use as self-catering holiday accommodation.

Class 10 Timeshare accommodation

Use as timeshare accommodation.

Class 11 Small music venue

Use as a venue to host live music events where each of the following conditions is satisfied—

(a) the premises are used as an indoor, permanent venue, operating all-year round,

(b) the venue is used to host live music events for a public audience, and

(c) the venue has a maximum capacity of 1500 persons.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for relief from liability to pay non-domestic rates for lands and heritages used for certain purposes, for the financial year 2025-2026.

Regulation 3 makes provision for how an application to obtain the relief in regulation 4 must be made.

Regulation 4 and the schedule provide for relief in respect of use of lands and heritages wholly or mainly for hospitality purposes. The relief applies where no relief in respect of the lands and heritages is granted under regulation 4 of the Non-Domestic Rates (Islands and Remote Areas Hospitality Relief) (Scotland) Regulations 2024, which provide 100% relief to hospitality businesses in certain geographical areas, up to a maximum reduction of £110,000 in the rates liability of any particular ratepayer.

Regulation 4(3) sets out that in respect of any day in the financial year 2025-2026, the rates payable are reduced by an amount equivalent to 40% of the gross rates payable in respect of the lands and heritages for the day. Regulation 4(4) to (7) sets out how the figure to be taken to represent the gross rates payable in respect of a day is to be arrived at, this depending on whether or not relief under either or both of the Non-Domestic Rates (Transitional Relief) (Scotland) Regulations 2025 and the Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Regulations 2022 is also granted, in addition to relief under these Regulations. The relief given to any particular ratepayer under these Regulations may, however, only reduce the liability of the ratepayer by a maximum of £110,000, and it may not reduce the amount of rates that are payable to less than nil.

Regulation 5 makes a consequential amendment to the non-Domestic Rates (Restriction of Relief) (Scotland) Regulations 2023, to add relief under regulation 4 of these Regulations to the list of reliefs, the award of which must be compatible with the Subsidy Control Act 2022 (c. 23).

Regulation 6 amends the Non-Domestic Rates (Islands and Remote Areas Hospitality Relief (Scotland) Regulations 2024 ("the 2024 Regulations") so that the relief under the 2024 Regulations is available in relation to the financial year 2025-2026. There will, though, be nothing to prevent an application being made in respect of the financial year 2024-2025, during the course of the financial year 2025-2026. Regulation 6 also amends schedule 2 of the 2024 Regulations to include certain premises used as live music venues in the list of lands and heritages in respect of which relief is granted. This addition will apply with effect from 1 April 2025, and only in respect of the financial year 2025-2026.

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