POLICY NOTE

THE NON-DOMESTIC RATES (LEVYING AND MISCELLANEOUS AMENDMENT) (SCOTLAND) REGULATIONS 2025

SSI 2025/38

The above instrument was made in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994. The instrument is subject to the negative procedure.

Summary Box

The Regulations provide for a number of non-domestic rates policies which take effect on 1 April 2025:

- Provision in the financial year 2025-26 for reductions in non-domestic rates as a result of the Small Business Bonus Scheme and Fresh Start Relief
- The two supplements which, added to the poundage, respectively provide the non-domestic rate applicable in 2025-26 to properties with a rateable value in excess of £51,000 and up to £100,000 (which are liable for the Intermediate Property Rate), and to properties with a rateable value in excess of £100,000 (which are liable for the Higher Property Rate).
- Revocation of the previous Coronavirus Reliefs that were available from 1 April 2020 to 30 June 2022, and will now close to new applications or requests from 1 April 2025.

Policy Objectives

Poundage Supplements (Property Rates)

This instrument provides for a poundage supplement of 5.6p in the pound to apply to all non-domestic properties with a rateable value from £51,000 up to and including £100,000 (5.6p supplement + poundage = Intermediate Property Rate at 55.4p); and a poundage supplement of 7p in the pound to apply to all non-domestic properties with a rateable value exceeding £100,000 (7p supplement + poundage = Higher Property Rate at 56.8p) on any day in the financial year 2025-26. The poundage is set out annually in the Non-Domestic Rate (Scotland) Orders made under section 7B(1) of the Local Government (Scotland) Act 1975.

Small Business Bonus Scheme

This instrument provides for the Small Business Bonus Scheme in 2025-26. This scheme provides relief (bill discounts) to non-domestic properties where the cumulative rateable value – i.e. the rateable value of the total number of premises that a person (the ratepayer) is liable to pay rates for in Scotland, is £35,000 or less. The scheme offers 100% relief to eligible individual properties with a cumulative rateable value of £12,000 or less, regardless of whether the ratepayer is liable to pay non-domestic rates in respect of only one entry, or multiple entries, in the valuation roll.

For ratepayers liable to pay non-domestic rates in respect of only one entry in the valuation roll, relief for eligible properties tapers from 100% to 25% for individual properties with rateable values from £12,001 to £15,000; and tapers from 25% to 0% for properties with ratable values from £15,001 to £20,000.

Where a ratepayer is instead liable to pay rates for multiple entries in the valuation roll and where the cumulative rateable value is between £12,001 and £35,000, then relief of 25% is available on each individual eligible property with a rateable value of £15,000 or less, and relief tapers from 25% to 0% for individual eligible properties with rateable values between £15,001 and £20,000.

Table 1 shows the Small Business Bonus Scheme relief for eligible non-domestic properties where the ratepayer is liable for rates for only one entry in the valuation roll.

Table 1: Small Business Bonus Scheme relief where the ratepayer has only one property on the valuation roll

Rateable value range	Percentage of relief
£12,000 or less	100%
£12,001 to £15,000	Relief percentage = $100 - (75 \times 1 - \frac{(15000 - RV)}{3000}))$
£15,001 to £19,999	Relief percentage = $25 \times (\frac{(20000 - RV)}{5000})$

Table 2 shows the Small Business Bonus Scheme relief available for eligible non-domestic properties where the ratepayer is liable for non-domestic rates on multiple entries in the valuation roll.

Table 2: Small Business Bonus Scheme relief where the ratepayer has more than one property on the valuation roll

Cumulative rateable value range	Percentage of relief
£12,000 or less	100%
£12,001 to £35,000	25% on each individual property with a rateable value of £15,000 or less For individual properties with rateable value £15,001 to £19,999, relief percentage = $25 \times (\frac{(20000 - RV)}{5000})$

No Small Business Bonus Scheme relief is available for individual properties where the cumulative rateable value that the ratepayer pays non-domestic rates for in Scotland is over £35,000.

Advertisements, car parks, betting shops and properties used for payday lending are not eligible for Small Business Bonus Scheme relief.

Unoccupied properties are not eligible for Small Business Bonus Scheme relief.

Fresh Start Relief

These regulations provide for Fresh Start relief for 2025-26.

Fresh Start relief was introduced on 1 April 2016 and initially offered 50% relief for up to 12 months upon re-occupation to shops, offices, restaurants, pubs and hotels with a rateable value up to and including £65,000, and that had been empty for over 12 months before becoming re-occupied. This has since been expanded as part of the Scottish Government's response to the independent Barclay Review of Non-Domestic Rates and from 2023-24 offers 12 months 100% relief to all properties (with the exception of payday lending) where the property became reoccupied after 6 months or more of being unoccupied and the rateable value does not exceed £100,000.

Properties used for payday lending are not eligible for Fresh Start relief.

Fresh Start relief is not available where the property is unoccupied.

An application requires to be made by the ratepayer to the council for Fresh Start relief. Where relief spans two financial years however, the regulations only require that an application be made in relation to the first financial year.

Coronavirus Reliefs

In response to the outbreak of COVID-19, non-domestic rates reliefs were available from the period covering 1 April 2020 to 30 June 2022 to mitigate financial hardship during the pandemic. These reliefs will now close to new requests and applications from 1 April 2025. Any applications or requests for these reliefs made before the 1 April 2025 will still be processed accordingly.

Business Growth Accelerator Relief

From 1 April 2023, the Scottish Government introduced provisions to allow Business Growth Accelerator Improvement Relief awarded in 2022-23 to be continued in 2023-24 at the same percentage where appropriate, but on the basis of the new rateable value following the revaluation which took effect on 1 April 2023. These provisions (regulation 11A of the Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Regulations 2022) are being revoked as they are no longer required.

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 (the Act), the Scottish Ministers certify that, in their view, the Non-Domestic Rates (Levying And Miscellaneous Amendment) (Scotland) Regulations 2025 is compatible with the UNCRC requirements as defined by section 1(2) of the Act.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

Consultation

There is no statutory requirement to consult on these regulations.

The policies provided for in this instrument were set out in the Scottish Budget 2025-26[1].

Impact Assessments
As stated, the policies provided for in this instrument were set out in the Scottish Budget 2025-26, which was accompanied by a number of impact assessments in Annex D[2].

A Child Rights and Wellbeing Impact Assessment has been carried out in relation to the Regulations.

Financial Effects

The impacts on the amount of non-domestic rates payable is in line with the policy objectives as outlined above.

The Scottish Fiscal Commission's *'Scotland's Economic and Fiscal Forecasts'*[3] published on 4 December 2024 forecasts the non-domestic rates income to be raised, and the cost of each relief, for 2025-26.

Scottish Government
Local Government and Housing Directorate

February 2025

[1] https://www.gov.scot/publications/scottish-budget-2025-2026/
[2] https://www.gov.scot/publications/scottish-budget-2025-2026/pages/18/
[3] https://fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-december-2024/