POLICY NOTE

THE NON-DOMESTIC RATES (LEVYING AND MISCELLANEOUS AMENDMENT) (SCOTLAND) REGULATIONS 2026

SSI 2026/68

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 the following non-domestic rates policies:

- Provision in the financial year 2026-27 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 2026-27 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).
- Provision in the financial years 2026-27 to 2035-36 for reductions in non-domestic rates as a result of the relief for electric vehicle charging points.

Policy Objectives

Poundage Supplements (Property Rates)

This instrument provides for a poundage supplement of 5.4p in the pound to apply to all non-domestic properties with a rateable value from £51,000 up to and including £100,000 (5.4p supplement + poundage at 48.1p = Intermediate Property Rate at 53.5p); and a poundage supplement of 6.7p in the pound to apply to all non-domestic properties with a rateable value exceeding £100,000 (7p supplement + poundage at 48.1 = Higher Property Rate at 54.8p) on any day in the financial year 2026-27. 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 2026-27. 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 up to and including £15,000; and tapers from 25% to 0% for properties with ratable values from £15,001 up 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 from £12,001 and up to and including £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 from £15,001 up to £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.

The following properties are not eligible for Small Business Bonus Scheme relief:

- properties used wholly or mainly to accommodate advertisements;
- car parks;
- betting shops;
- properties used wholly or mainly for payday lending;
- properties which are used wholly or mainly for a purpose for which a short-term let licence is required, in accordance with article 4 of the Civic Government (Scotland)

Act 1982 (Licensing of Short-term Lets) Order 2022, but for which no such licence has been obtained,

- deer forests, except those on which—
    - shooting rights are exercised solely for the purposes of environmental management or for preventing damage to woodland or agricultural production, or a combination of those purposes, and
    - any deer shot are available for human consumption as venison, and
- deer forests on which shooting rights are not exercised in practice
- shootings, except:
    - shootings which are crofts, agricultural holdings or small landholdings,
    - shootings which are leased on a commercial basis to a person who, in accordance with the Rural Development (Scotland) Regulations 2015, is in receipt of support under the Scottish Rural Development Programme, on account of being a new entrant to farming,
    - shootings which are leased in accordance with the model lese for environmental purposes made available by the Scottish Ministers in terms of section 11 of the Land Reform (Scotland) Act 2025,
    - shootings on which—
        - shooting rights are exercised solely for the purposes of environmental management or for preventing damage to woodland or agricultural production, or a combination of those purposes, and
        - any deer shot are made available for human consumption as venison, and
    - shootings on which shooting rights are not exercised in practice;
- deer forests and shootings are included in the definition of lands and heritages set out in section 42 of the Lands Valuation (Scotland) Act 1854. They are the subject of entries in the valuation roll.

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

<u>Fresh Start Relief</u>
These regulations provide for Fresh Start relief for 2026-27.

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.

The regulations also ensure that relief continues to be available in full for properties that were awarded Fresh Start relief in respect of the 2025-26 financial year and where relief continues in 2026-27 for the period remaining on the relief award, regardless of the new rateable value of the property following revaluation or an exclusion from that property category from eligibility.

The categories of property which are not eligible for Small Business Bonus Scheme relief are also ineligible 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.

Business Growth Accelerator Relief

The regulations continue provision of Business Growth Accelerator relief. They also provide for continuation of improvement relief awarded in respect of 2025-26, where the period of relief continues into 2026-27. Improvement relief awarded in 2025-26 under regulation 10B of the Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Regulations 2022 and continuing into 2026-27 will be awarded at the same percentage of relief as applies at 31 March 2026, but on the basis of the rateable value following the revaluation taking effect on 1 April 2026.

Electric Vehicle Charging Point (EVCP) relief

The regulations provide, from 2026-27 to 2035-36, 100% relief from non-domestic rates for property which is wholly or mainly used for the provision of an electric vehicle charging point and an associated bay. The charging point must be intended for use by members of the general public, and the relief is not excluded in the event that the charging point is out of order for a temporary period. An application requires to be made by the ratepayer to the council for EVCP relief.

Restriction of Relief under subsidy control

The regulations also amend the Non-Domestic Rates (Restriction of Relief) (Scotland) Regulations 2023 to add Small Business Bonus Scheme relief, Retail, Hospitality and Leisure Relief and EVCP relief.

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 2026 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 2026-27.[1]

[1] Scottish Budget 2026 to 2027 - gov.scot
https://www.gov.scot/publications/scottish-budget-2026-2027/

Impact Assessments
The policies provided for in this instrument were set out in the Scottish Budget 2026-27, which was accompanied by a number of impact assessments.

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 Economic and Fiscal Forecast[2] published on 13 January 2026 forecasts the non-domestic rates income to be raised, and the cost of reliefs, for 2026-27 where these are judged to be material.

Scottish Government
Local Government and Housing Directorate

February 2026

[2] Scotland's Economic and Fiscal Forecasts – January 2026 | Scottish Fiscal Commission
https://fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-january-2026/