EXECUTIVE NOTE

THE NON-DOMESTIC RATES (LEVYING) (SCOTLAND) (NO. 2) REGULATIONS 2010

SSI 2010/440

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

Background

The instrument makes provision from 1 April 2011, for reductions in non-domestic rates as a result of the Small Business Bonus Scheme and provides for a poundage supplement on larger business properties with a rateable value in excess of £35,000.

Small Business Bonus Scheme

The Scheme provides relief (bill discounts) to businesses with properties in Scotland where the cumulative rateable value is £18,000 or less. Where the cumulative rateable value of a business's properties falls between £18,000 and £25,000, the Scheme will offer 25% relief to individual properties with a rateable value of £18,000 or less.

The Scheme provides the following reliefs from 1 April 2011:

Combined rateable value (RV) of all business properties in Scotland:	**2011-12**
Up to £10,000	**100%**
£10,001 to £12,000	**50%**
£12,001 to £18,000	**25%**
£18,001 to £25,000	**25% on each individual property with a rateable value not exceeding £18,000***

*This will allow a business with 2 or more properties with a cumulative rateable value of under £25,000 to qualify for relief at 25% on individual properties with a RV up to £18,000.

Large Business Supplement

This supplement contributes a small proportion of the cost of the Small Business Bonus Scheme. This instrument provides for a poundage supplement of 0.7p in the pound for all business properties with a rateable value exceeding £35,000 except for those properties to which regulation 3 of the Non-Domestic Rates (Levying) (Scotland) (No. 3) Regulations 2010 applies.

There is a commitment that the Scottish poundage rate will not rise above the equivalent English rate for the life of the current Parliament. The 2011-12 poundage will be confirmed shortly, once England have confirmed their equivalent rate.

Consultation

As these Regulations do not implement any additional change compared with the Non-Domestic Rates (Levying) (Scotland) Regulations 2010, which they replace, no consultation is planned. There is no statutory requirement to consult on these Regulations.

Business and Regulatory Impact Assessment

The present instrument will not impose any new regulatory burdens on businesses, charities or the voluntary sector compared with the Non-Domestic Rates (Levying) (Scotland) Regulations 2010 which it replaces.

Renewable Energy Relief

These Regulations make minor amendments to the Renewable Energy Generators Relief Scheme, including removal of the 50KW qualifying limit that currently applies to combined heat and power (CHP) systems that generate energy from renewable sources.

Financial Effects

The projected cost of the Small Business Bonus Scheme is estimated at around £128 million in 2011-12. The Scottish Government's contribution to the cost of the Small Business Bonus Scheme will be partially offset by the income raised from the poundage supplements. It is estimated that the large business supplement of 0.7p in the pound for 2011-12 will raise around £37 million.

The estimate of non-domestic rate income included in the Draft Budget on 17 November 2010 takes account of the estimated cost of all rates relief schemes, including the estimated net cost of the Small Business Bonus Scheme. The Scottish Government reimburses local authorities for the cost of granting relief as part of the general revenue grant payment.

The present instrument has no additional financial effects on the Scottish Government, local government or business.

Local Government Division
9 December 2010