EXECUTIVE NOTE

THE NON-DOMESTIC RATES (LEVYING) (SCOTLAND) REGULATIONS 2009
SSI 2009/ 42

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 2009, 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 £29,000.

Policy Objective: Small Business Bonus Scheme

The Scottish Government is committed to creating an environment in which small businesses in Scotland can flourish, underpinned by a fair taxation system. Small businesses sit at the heart of our local economies, and the Scottish Government is determined to help them gain a competitive advantage. There is evidence that rates account for a higher proportion of turnover of small businesses than they do for larger businesses. The Small Business Bonus Scheme aims to target additional help at genuinely small businesses. The Scheme provides relief to businesses with properties in Scotland of which the combined rateable is £15,000 or less. The Scheme provides the following reliefs from 1 April 2009:

Combined rateable value of all business properties in Scotland:	**2009-10**
Up to £8,000	**100%**
£8,000 to £10,000	**50%**
£10,001 to £15,000	**25%**

Poundage Supplement

This instrument provides for a poundage supplement of 0.4p in the pound (the same level as in England) for business properties with a rateable value of £29,000 or more (higher than the equivalent English thresholds). This supplement contributes a small proportion of the cost of the Small Business Bonus Scheme.

Consultation

We consulted 137 stakeholder organisations, including local authorities and business organisations, on the provisions contained in this instrument. 4 substantive responses were received (from three local authorities and Customer Focus Scotland) supporting the Order.

Regulatory Impact Assessment

No Regulatory Impact Assessment is required because the present instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector compared with The Non-Domestic Rates (Levying) (Scotland) Regulations 2008 which it replaces.

Financial Effects

The projected cost of the new Small Business Bonus Scheme is estimated at around £93 million in 2009-10. 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 supplement. It is estimated that the poundage supplement of 0.4p in the pound for 2009-10 will raise around £15 million. The estimate of non-domestic rate income included in the Budget (Scotland) Bill (as passed on 4 February 2008) takes account of the estimated cost of all rates relief schemes, including the estimated net cost of the Small Business Bonus Scheme. The present instrument has no additional financial effects on the Scottish Government, local government or business.

JIM GILMOUR
Local Government Division
10 February 2009