POLICY NOTE

THE NON-DOMESTIC RATES (LEVYING) (SCOTLAND) REGULATIONS 2020

SSI 2020/39

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 procedure.

The instrument makes provision from 1 April 2020 for reductions in non-domestic rates as a result of the Small Business Bonus Scheme and provides for poundage supplements, the combined poundage and supplement being known as the Intermediate Property Rate and Higher Property Rate, on non-domestic properties with a rateable value in excess of £51,000 and £95,000 respectively.

From 1 April 2020 properties which are receiving relief on account of being unoccupied will be ineligible for the Small Business Bonus Scheme.

The sites of Reverse Vending Machines will be excluded from the eligibility criteria for the Small Business Bonus Scheme, which assesses the cumulative rateable value of all lands and heritages of the property/ies of the applicant.

The threshold for the previous Large Business Supplement will be raised from £51,001 to £95,001 in 2020-21 and will be referred to, on top of the poundage, as the Higher Property Rate. Non-domestic properties with a rateable value in excess of £51,000 but no more than £95,000 will be liable for the Intermediate Property Rate.

Policy objective

The Small Business Bonus Scheme provides relief (bill discounts) to non-domestic properties in Scotland, the cumulative rateable value (i.e. the total number of premises held by the ratepayer) of which is £35,000 or less on any day in the financial year 2020-21. If this condition is met (payday lending is excluded), the Scheme offers 100% relief to individual properties with a cumulative rateable value of £15,000 or less; 25% relief to individual properties with a cumulative rateable value over £15,000 and no more than £18,000; and 25% relief to individual properties with an individual rateable value of £18,000 or less where the cumulative rateable value is over 18,000 and no more than £35,000.

The Scheme provides the following reliefs from 1 April 2020 for non-domestic properties:

Cumulated rateable value of all individual properties in Scotland 2020-21	**Relief percentage under the Small Business Bonus Scheme**
£15,000 or less	**100%**
£15,001 to £18,000	**25%**
£18,001 to £35,000	**25% on each individual property with a rateable value of £18,000 or less**

No relief is available for individual properties where the cumulative rateable value is over £35,000.

The rateable values of sites of Reverse Vending Machines will not be included in the cumulative rateable value assessment for the Small Business Bonus Scheme.

From 1 April 2020, properties which are receiving relief on account of not being in active use will be ineligible for relief.

In addition, payday lenders will continue to be unable to benefit from the Scheme.

This instrument also provides for a poundage supplement (supplement + poundage = Intermediate Property Rate) of 1.3p in the pound for all non-domestic properties with a rateable value of £51,001 and not more than £95,000, and a poundage supplement (supplement + poundage = Higher Property Rate) of 2.6p in the pound for all non-domestic properties with a rateable value exceeding £95,000 on any day in the financial year 2020-21.

Consultation

There is no statutory requirement to consult on these Regulations, however the changes were proposed as part of the draft Budget, which is a consultative process.

Business and Regulatory Impact Assessment

No Business and Regulatory Impact Assessment has been carried out.

Financial Implications

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 or local government.

The Scottish Fiscal Commission forecast[1] that the introduction of an Intermediate Property Rate would decrease non-domestic rates income by £7 million in 2020-21.

Scottish Government
Local Government and Communities Directorate
February 2020

[1] https://www.fiscalcommission.scot/wp-content/uploads/2020/02/Scotlands-Economic-and-Fiscal-Forecasts-February-2020.pdf