POLICY NOTE

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

SSI 2026/135

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

These Regulations make amendments to the Non-Domestic Rates (Retail, Hospitality and Leisure Relief) (Scotland) Regulations 2026, the Non-Domestic Rates (Levying and Miscellaneous Amendment) (Scotland) Regulations 2026 and the Non-Domestic Rates (Transitional Relief) (Scotland) Regulations 2026.

They provide for the following temporary non-domestic rates reliefs for the financial year 2026-27:

- a 40% non-domestic rates relief for properties used for specified hospitality purposes or as live music venues, and with a rateable value up to and including £100,000 on the mainland (except Remote Areas), capped at a maximum of £110,000 per ratepayer; and
- a 15% cap on increase in the amount of rates payable as a result of revlauation for self-catering holiday accommodation in certain circumstances.

Policy Objectives

<u>40% relief for specified hospitality premises and music venues</u>

The regulations provide for a temporary 40% relief (i.e. a reduction of 40% in the gross rates payable in respect of any day during the period beginning on 1 April 2026 and ending on 31 March 2027) to eligible properties in the hospitality sector and music venues with a rateable value up to and including £100,000 (those liable for the Basic or Intermediate Property Rate). The relief reduces by 40% the gross rates payable for eligible properties in respect of any day in 2026-27. Where a ratepayer also has other property eligible for 15% mainland (except Remote Areas) Retail, Hospitality and Leisure Relief or 100% Islands and Remote Areas Retail, Hospitality and Leisure Relief, the total maximum amount by which the rates liability of the ratepayer may be reduced, applying regulations 4, 4A and 5, as relevant, is £110,000. An application requires to be made by the ratepayer to the council for this relief.

This relief is available instead of the mainland (except Remote Areas) 15% Retail, Hospitality and Leisure Relief to which eligible properties were previously entitled which was announced in Budget 2026-27 and legislated for under the Non-Domestic Rates (Retail, Hospitality and Leisure Relief) (Scotland) Regulations 2026.

The relief is not available on a property that is in receipt of Islands and Remote Areas Retail, Hospitality and Leisure Relief under regulation 5 of the Non-Domestic Rates (Retail, Hospitality and Leisure Relief) (Scotland) Regulations 2026.

Within Schedule 1A, use for the purposes of defining eligible hospitality premises and music venues includes use wholly or mainly for the following purposes: hotel, hostel, live music

venue, public house or night club and restaurant. It also clarifies that for live music venues the premises should operate all year round as an indoor venue hosting live music events for a public audience.

15% cap on gross liability increases for eligible self-catering holiday accommodation

This instrument also provides for a specific Revaluation Transitional Relief for self-catering properties, capping increases in gross liabilities due to revaluation at 15%, the Cabinet Secretary for Finance having announced on 12 February a 15% year-on-year cap for the next three years i.e. up to the next revaluation, in 2029. An application requires to be made by the ratepayer to the council for this relief. Eligible properties may then be awarded this relief instead of being automatically awarded the Revaluation Transitional Relief which was announced in Budget 2026-27 and legislated for in the Non-Domestic Rates (Transitional Relief) (Scotland) Regulations 2026.

The award of these reliefs must be compatible with the Subsidy Control Act 2022.

These reliefs are not available for 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.

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 (Retail, Hospitality and Leisure Relief) (Scotland) Regulations 2026 are 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 reliefs provided for in this instrument were announced on 12 February by the Cabinet Secretary for Finance and Local Government.[1] These reliefs were committed to for the three financial years 2026-27 to 2028-29.

Impact Assessments

An Island Communities impact assessment has been carried out in relation to the 100% non-domestic rates relief for eligible properties used for specified retail, hospitality or leisure purposes, on the Islands and Remote Areas provided for in the Non-Domestic Rates (Retail, Hospitality and Leisure Relief) (Scotland) Regulations 2026. The assessment has identified that this relief is unlikely to have significantly negative impacts for island communities, businesses or local authorities, and is appropriately targeted to benefit retail, hospitality and

[1] Meeting of the Parliament: 12/02/2026 | Scottish Parliament Website - https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/meeting-of-parliament-12-02-2026?meeting=20067

leisure businesses – key sectors of island business and key sources of employment that have been particularly affected by their reliance on ferries. It is considered that the expansion of that relief brought by these Regulations has no impact on the outcome of that assessment.

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

Financial Effects
The decrease in the amount of non-domestic rates payable as a result of the reliefs is in line with the policy objectives outlined above.

The Scottish Fiscal Commission published a Supplementary Costing on 24 February[2] including a cost estimate for these reliefs of £9 million, £12 million and £17 million in 2026-27, 2027-28 and 2028-29 respectively.

Scottish Government
Local Government and Housing Directorate

March 2026

[2] Supplementary Costing – Non-Domestic Rates Measures – February 2026 | Scottish Fiscal Commission - https://fiscalcommission.scot/publications/supplementary-costing-non-domestic-rates-measures-february-2026/