POLICY NOTE

THE NON-DOMESTIC RATES (TRANSITIONAL RELIEF) (SCOTLAND) AMENDMENT REGULATIONS 2019

SSI 2019/44

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

This instrument reduces the amount payable as non-domestic rates for certain properties for 2019-20 by amending the Non-Domestic Rates (Transitional Relief) (Scotland) Regulations 2017.

Policy Objectives

These regulations continue transitional relief for 2019-20, which has been in place since the 2017 revaluation.

The non-domestic properties eligible for this relief are those which are wholly or mainly used for specified purposes, that were so used on 31st March 2017 (or, if unoccupied on that date, were so used when last occupied), and that meet certain other conditions.

The full list of qualifying properties is in the schedule of the principal Regulations. These are properties with a rateable value that is no greater than £1.5 million, and that are used for the following specified purposes:

- bed and breakfast accommodation
- camping site
- caravan
- caravan site
- chalet and holiday hut
- guest house, hotel and hostels
- public house
- restaurant
- self-catering holiday accommodation
- timeshare accommodation.

Qualifying properties also include those located in Aberdeen and Aberdeenshire which are wholly or mainly used as offices (regardless of their rateable value).

Any increase in the annual 'gross bill'[1] in 2019-20 is to be no more than 12.5 per cent (real terms) (14.8% in cash terms)[2] of the annual gross bill for 2018-19, subject to adjustment in

[1] The gross bill for the purposes of this note is the rateable value on that day multiplied by the poundage factor; the poundage factor being the non-domestic poundage for that year plus, where applicable, the Large Business Supplement for that year.

[2] Inflation is set at 2.1%, which is the percentage increase in the non-domestic poundage from 2018-19 (48.0p) to 2019-20 (49.0p).

respect of any changes in rateable value taking effect after the date of revaluation, i.e. 1st April 2017.

The table below shows the annual and cumulative impact of Transitional Relief on annual gross bill increase limits for qualifying premises.

	2017/2018	2018/2019	2019/2020
Real terms annual cap	12.50%	12.50%	12.50%
Inflation measure	2.00%	3.00%	2.10%
Cash terms annual cap	14.75%	15.80%	14.80%
Cumulated cash terms increase in rates liability from 2016/2017	14.75%	32.90%	52.70%
Annual multiplier	1.1475	1.158	1.148
Cumulative multiplier	1.1475	1.329	1.527

Account was taken in these Regulations of the fact 2019-20 is a leap year with 366 days.

Interaction of Transitional relief with The Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Regulations 2019[3] is dealt with in paragraph (1)(a)(vi) of regulation 12 of the principal Regulations, as amended by regulation 2(7)(b) of these Regulations.[4] This calculates the transitional limit discounting against increases to it in respect of certain property improvements.

An application for relief in 2019-20 must be made in 2019-20. From 1st April 2019, an application can no longer be made for relief in 2018-19 (or 2017-18).

Policy objective

The objective is to target continued targeted support in light of the 2017 revaluation for 2019-20. The broader objective is to continue transitional relief until the 2022 revaluation with Regulations continuing to be laid annually.

Consultation

There is no statutory requirement to consult on these Regulations.

Business and Regulatory Impact Assessment

No Business and Regulatory Impact Assessment is required because the present instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector.

Financial Implications

[3] S.S.I. 2019/40.
[4] See the Policy Note for those Regulations for further detail.

The decrease in the amount of non-domestic rates payable is in line with the policy objective as outlined above. The cost of this relief in foregone public revenue is forecast by the Scottish Fiscal Commission in Scotland's Economic and Fiscal Forecasts: December 2018.[5]

This relief is subject to State aid de minimis.

Scottish Government
Local Government and Communities Directorate
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[5] http://www.fiscalcommission.scot/media/1435/scotlands-economic-and-fiscal-forecasts-december-2018-full-report.pdf