POLICY NOTE

NON DOMESTIC RATING (UNOCCUPIED PROPERTY) (SCOTLAND) AMENDMENT REGULATIONS 2020

SSI 2020/43

The above instrument is made in exercise of the powers conferred by sections 24(2) and (3), 24A(4) and 24B(3) of the Local Government (Scotland) Act 1966 and all other enabling powers. The instrument is subject to the negative procedure.

These regulations amend the Non Domestic Rating (Unoccupied Property) (Scotland) Regulations 2018 to change the reset period for empty property relief from 6 weeks to 6 months from 1 April 2020.

Policy Objectives

The independent Barclay Review of non-domestic rates recommended (Recommendation 21) that, "to counter a known avoidance tactic, the current 42 days reset period for empty property should be increased to 6 months in any financial year."[1] In its Implementation Plan in response to the Barclay Review,[2] the Scottish Government accepted this recommendation and stated its intention to bring forward legislation to deliver this measure by 2020.

The Scottish Government is committed to a fair and sustainable non-domestic rates, in line with Scotland being the best place in the UK to do business. This instrument will increase the current 42-day reset period for empty property relief to 6 months, thereby increasing the length of time required for a renewed application of empty property relief from 1 April 2020.

Consultation

There is no statutory obligation to formally consult on these Regulations.

Impact Assessments

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 Effects

The decrease in the amount of non-domestic rates payable is in line with the policy objective as outlined above, and is subject to State aid *de minimis*.

The Scottish Fiscal Commission forecast[3] that this reform would increase non-domestic rates income by £3 million in 2020-21.

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[1] https://www2.gov.scot/Resource/0052/00523643.pdf

[2] https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2017/12/barclay-review-of-non-domestic-tax-rates-implementation-plan/documents/bf0f2ef4-bcbc-4c22-84fa-07735ee496f1/bf0f2ef4-bcbc-4c22-84fa-07735ee496f1/govscot:document/?inline=true/

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

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Local Government and Communities Directorate
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