POLICY NOTE

THE VALUATION (PROPOSALS PROCEDURE) (SCOTLAND) REGULATIONS 2025

SSI 2025/146

The above instrument was made in exercise of the powers conferred by section 3ZA(7) and section 3ZB(7)(a) of the Local Government (Scotland) Act 1975. It is subject to the negative procedure and comes into effect on 1 April 2026.

Summary Box

This instrument makes provision for the procedure to be followed by proprietors, tenants and occupiers of non-domestic properties when making proposals for alterations of entries in the valuation roll, including to whom the proposal must be made (the assessor), the information to be supplied as part of the proposal and the procedure around the issuance of a decision by the assessor. It replaces the Valuation (Proposals Procedure) (Scotland) Regulations 2022 ("the 2022 Regulations"), with effect from 1 April 2026, whilst saving the effect of those regulations to enable proposals already made under those regulations on or before 31 March 2026, but not yet fully dealt with, to be dealt with under the 2022 Regulations.

Policy Objectives

These regulations provide the detail of the procedure to be followed when making proposals for alterations of entries in the valuation roll.

In keeping with the commitment set out in Scotland's Tax Strategy: Building on our Tax Principles to explore how non-domestic rates legislation might be consolidated and simplified, these regulations replace the 2022 Regulations as an alternative to further amending them and so potentially adding to their complexity.

However, they also make some changes compared to the approach of the 2022 Regulations, principally to introduce the following two new policies:

- Regulation 8(3) provides that a proposer may not withdraw a proposal where the assessor has indicated the intention to increase the rateable value of the lands and heritages, in the statement issued in accordance with regulation 10.
- Regulation 16 provides for the possibility of correcting a minor error in the decision notice which prevents it giving effect to the intention of the assessor to alter the valuation roll directly in line with the proposal, or an agreement reached with the proposer after the making of the proposal. Such a correction can only happen with agreement of the proposer.

In addition, regulation 19(5) gives effect to the original policy intention, at the time of introducing a new two-stage appeals system on 1 April 2023, that the last date for making a proposal in respect of an alleged error in an entry in a valuation roll is the last day that the valuation roll containing the alleged error is in force.

Regulation 4 specifies that documents relating to the proposal may be sent by electronic communication to a party to the proposal where the relevant party has explicitly agreed to this by nominating (and in the case of the assessor, publishing) an address for the purposes of electronic communication, or has implicitly done so by using electronic communication in respect of the proposal.

Regulation 5 specifies to whom a proposal must be made (the assessor who is responsible for valuing the lands and heritages to which the proposal relates) and where the timescales for lodging a proposal can be accessed and the requirement to comply with them (regulation 19), as well as the information that must be provided when making a proposal including the name and contact details of the proposer, a copy of the valuation notice if available (if not, the address of the lands and heritages), the specific grounds on which the proposal is made, evidence to support the grounds of the proposal, a statement as to how the evidence supports the grounds of the proposal and a statement as to how the proposer wishes the assessor to alter the entry.

A proposal can only be made in respect of one entry in the valuation roll. A proposal is to be taken to be made on the date on which it is sent to the assessor.

Regulation 6 specifies that the assessor may decide a proposal is incomplete if it does not contain all of the information required under regulation 5(1)(d), in which case they must send notice to the proposer setting out what is missing within 56 days of the date on which the proposal is presumed to have been received. The assessor must also specify that if the information is not provided within 28 days of it being presumed the proposer has received this notice, they will make a decision on the proposal, namely not to alter the entry in the valuation roll, unless the proposer has requested a review of the decision not to alter the entry. The assessor must send notice of the decision to the proposer within 7 days of having made the decision. The requirement that a decision be issued on the proposal, where it is incomplete, provides for access to an appeal to the First-tier Tribunal for Scotland. The proposer may request within 14 days of it being presumed they have received notice of an incomplete proposal that the decision by the assessor that the proposal is incomplete be reviewed. The review may uphold or overturn the assessor's decision that the proposal is incomplete. Within regulation 6, a notice is presumed to have been received by one party 48 hours after it was sent by the other.

Regulation 7 specifies that an assessor must acknowledge, in writing, receipt of a proposal within 56 days beginning with the day on which the proposal is presumed to have been received, unless they deem it incomplete. If a proposal is subsequently deemed complete however, the assessor must notify the proposer within 7 days of them making the decision that it is complete. Within regulation 7, a notice is presumed to have been received by one party 48 hours after it was sent by the other.

Regulation 8 states that the proposer may withdraw their proposal by writing to the assessor at any time before the assessor has made a decision on the proposal, except, where the assessor has indicated the intention to increase the rateable value of the lands and heritages, in the written statement issued in accordance with regulation 10. This ensures that the intention of the Non-Domestic Rates (Scotland) Act 2020, which inserted into the Local Government (Scotland) Act 1975 Act the provision to make proposals, is properly given effect to. Section 3ZA(6)(b) provides that the assessor may alter an entry in the valuation roll otherwise than in accordance with a proposal, including by increasing the rateable value of

the property to which the proposal relates. In practice the effect of that can easily be circumvented by the ability of proposers to withdraw their proposal, on receipt of a statement from the assessor under regulation 10, in response to the proposal, indicating an intention to increase rateable value. Any proposer whose property's rateable value is increased will potentially, under regulation 12, have the opportunity to submit further evidence, should they wish to do so, and they will be able to challenge the decision in the usual way, through an appeal.

Regulation 9 specifies that, unless a proposal is withdrawn or, for instance, if the assessor makes a decision to amend the entry in accordance with the proposal, before notice of a Proposal Determination Date (PDD) is issued, the assessor must issue to the proposer a PDD in accordance with the timescale set out in regulation 20. The proposer, if dissatisfied with the PDD, may request that a decision on the proposal be made sooner, but no less than 70 days after they make such a request (unless otherwise agreed with the assessor). If the assessor does not undertake to meet the proposer's request, they must explain why, in writing.

Regulation 10 specifies that the assessor, except in prescribed circumstances such as where the assessor agrees to amend the value in accordance with the proposal, must send to the proposer a written statement in response to the proposal no later than 70 days before the PDD. The proposer may respond within 28 days beginning with the day on which the statement is presumed to have been received i.e. 48 hours after it was sent. The information that the proposer can provide at this point is subject to regulation 12.

Under regulation 11, the proposer may, when lodging a proposal on a property, request a list of all plant and machinery included in the valuation of the property or a statement to the effect there is no such plant and machinery. The assessor must generally provide this list or statement along with their statement in response to the proposal. Where a list is adjusted in light of the decision on the proposal, a revised list must be provided at the time of issue of the notice of decision. Where the requirement for the assessor to provide a response to the proposal is disapplied, in terms of regulation 18, the list or statement must be provided for the first time along with the notice of decision. Any list provided must be up to date in that it must reflect any adjustments that have been needed in light of the decision on the proposal. Under regulation 12, after a proposal is made, the proposer may provide the assessor with further evidence, no later than 28 days before the PDD (unless otherwise agreed with the assessor):

- if it did not exist at the time the proposal was made; and
- if it was not provided to the assessor when the proposal was made, but did exist at the time it was made. The proposer and assessor must generally agree in writing if evidence that existed at the time the proposal was made is to be submitted after the proposal has been made. However, where the assessor does not respond to the request to submit such evidence, at least 42 days before the last date for issue of a notice of a decision on the proposal, agreement of the assessor is to be presumed. This caters for the situation where no notice of PDD is ever issued. In that event the proposer won't have a last date on or before which they may submit further evidence (this being tied to the PDD), but they will be able to submit the evidence on the basis that the assessor will be taken to have agreed to that. They will therefore not be prevented from submitting further evidence, that did exist at the time of making the proposal, on the basis of the lack of a PDD.

Under regulation 13, the assessor may, at any time, postpone the PDD but not so as to cause the decision on the proposal to be issued later than the last date on which a notice of decision on a proposal is to be issued under regulation 21. They must set out the reasons for the postponement in writing. The proposer may request that the PDD be brought forward, and if the assessor refuses, they must set out the reason why in writing.

Under regulation 14, the assessor may extend the period within which the proposer is required to supply any information to the assessor, or take any other action. However, no extension may be made which causes notice of the decision to be issued after the last date set out in regulation 21, nor may any alternation be made to the last date for making an appeal.

Regulation 15 states that the assessor must send notice of the decision in respect of the proposal to the proposer, in writing. Where notice of a PDD has been issued, this must be done on or before the PDD. Where notice of a decision is issued without a PDD having been notified, the notice of decision must generally be sent on or before the last date set out in regulation 21. This is with the exception of the scenario where a decision is made not to alter the entry in the valuation roll on the basis that the proposal is incomplete. In this case the assessor must send notice of that decision within 7 days of the day on which the decision is reached. The assessor must provide reasons for their decision, except where they have amended the entry in accordance with the proposal (or an agreement with the proposer after the proposal was made).

Regulation 16 deals with the scenario where the assessor has decided to alter the entry in accordance with the proposal or an agreement in writing reached with the proposer after the proposal is made but there is an error in the decision notice which means that intention is not given effect to. Where the proposer and assessor reach agreement as to how the error should be addressed, the assessor must send a revised notice to the proposer within 7 days of reaching that agreement. No revised notice of decision may, though, be sent if agreement is not reached between the proposer and the assessor as to how the error is to be addressed. In that case it will be open to the proposer to challenge the notice via an appeal.

Regulation 17 applies where the assessor does not issue a PDD on or before the deadline to issue a PDD, or does not issue a decision on the proposal on or before the PDD where one has been issued or on or before the deadline for making a decision where a PDD has not been issued. In these cases, the assessor is required to set out the reasons for failure to do so within 14 days of the deadline having passed.

Notwithstanding all of the above, the assessor may, relying on regulation 18, issue a decision without first issuing notice of a PDD where the decision is to amend the entry in accordance with the proposal (or an agreement reached with the proposer after the proposal was made) and is made before notice of a PDD is issued. The assessor and the proposer may also agree in writing that the assessor may issue a notice of decision without a PDD being set, even though neither of these conditions applies. Further, no PDD is required where a decision not to alter the roll is made on the basis that the proposal is incomplete – either at the point it is first made, or as a result of a failure to supply information requested on review of the decision it is incomplete. Where regulation 18 applies the provisions in relation to acknowledgement of the proposal, provision of response by the assessor, provision of further information to the assessor, and obligation to explain failure to issue a decision notice also do not apply.

Regulation 19 sets the deadline for making a proposal in relation to the making of an entry, or alteration to an entry in the valuation roll as whichever is the later of the following:

- 31 July in the year in which the valuation roll containing the entry comes into force;
- the last day of the period of 4 months starting with the date on which the relevant valuation notice was sent.

Regulation 19 also sets the following deadlines to make a proposal:

- When a person becomes a new proprietor, tenant or occupier (PTO) of the property: 4 months after they became the PTO.
- On the grounds there has been a material change of circumstances: 4 months after the valuation roll containing the relevant entry ceases to be in force.
- On the grounds that there is an error in the entry: the day before the day on which the valuation roll containing the relevant entry ceases to be in force. This, combined with the revocation and saving provision in regulation 23, described below, gives effect to an undertaking made to the Delegated Powers and Law Reform Committee in August 2024, in relation to the remedying of an error in regulation 17ZA(6) of the 2022 Regulations, as inserted by regulation 2(9) of the Valuation (Proposals Procedure) Amendment Regulations 2024. Regulation 17ZA(6) enables a proposal on grounds of error to be made up until 31 March which falls on the day before the start of *any* revaluation year for non-domestic rates. The intention is that the ability to make a proposal on the grounds of error should subsist only for so long as the valuation roll containing the alleged error remains in force. This will be given effect to because the 2022 Regulations will be revoked with effect from 1 April 2026, with a saving provision only for proposals already made on or before 31 March 2026. These replacement regulations only provide for a proposal on grounds of error to be made whilst the valuation roll containing the relevant entry is in force. The result will be that the latest date for making a proposal on the basis of an error in an entry in the valuation roll in force from 1 April 2023 to 31 March 2026 will, as intended, be 31 March 2026.

Regulation 20 specifies that the last date for the assessor to issue notice of the date on or before which they intend to issue notice of a decision on a proposal is 70 days before the PDD.

Regulation 21 states the assessor must sent notice of the decision on a proposal by whichever is the latest of the following dates:

- 30 September in the year before the revaluation year which follows the coming into force of the valuation roll containing the entry to which the proposal relates,
- 30 September in the year after the year in which the proposal is made,
- the last day of the period of 12 months beginning with the date on which the proposal is made to the assessor.

Regulation 22 sets the deadline for making an appeal to the Local Taxation Chamber (LTC) of the First-tier Tribunal for Scotland in relation to a proposal. If the assessor has issued a decision on the proposal, the proposer may make an appeal within 28 days beginning with the day on which the notice of the decision is presumed to have been received i.e. 48 hours after it is sent. Where the assessor has issued a PDD but not issued a notice of decision, an appeal can be made within the period of 28 days beginning with the PDD. Where notice of a PDD is not issued within 70 days before the last date for the assessor to issue a notice of decision on the proposal in accordance with regulation 21, an appeal can be made to the LTC no later

than 42 days before that last date. For the purposes of regulation 22, a notice of decision is to be presumed to have been received 48 hours after it was sent.

Regulation 23 revokes the 2022 Regulations and the regulations that amended that instrument. However, the 2022 Regulations continue to have effect in relation to the disposal of any proposal made on or before 31 March 2026, insofar as notice of a decision on a proposal is yet to be issued or, as the case may be, a right of appeal is exercisable but no appeal has yet been made.

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

The Scottish Ministers have made the folloing statement regarding children's rights.

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 Valuation (Proposals Procedure) (Scotland) Regulations 2025 is 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

Scottish Government officials sought the views of assessors on an early draft of this instrument. A draft of this instrument was then issued to the Scottish Rating Surveyors' Forum on 31 March 2025 for comment by 28 April 2025. Three responses were received.

All three responses queried the proposed wording around the date on which a proposal is taken to be made. Having taken this into account, an amendment was made to the draft regulations and regulation 5(3) now states that a proposal is to be taken to be made on the date on which it is sent to the assessor.

Two responses opposed regulation 8(3), with one stating this created a serious possibility that ratepayers will be faced with large, backdated bills without any notice. However, the power for the assessor to increase the rateable value as a result of a proposal is already explicit under section 3ZA(6)(b) of the Local Government (Scotland) Act 1975 which states the assessor may on the basis of a proposal decide to alter the entry other than in accordance with the proposal or such an agreement "*including by either increasing or decreasing the rateable value shown in the entry*". It has become apparent in practice however that, should the written statement the assessor must send to the proposer in response to their proposal contain an indication that the assessor intends to increase the rateable value, the proposer has an obvious incentive to withdraw their proposal upon receipt of such a statement. Regulation 8(3) ensures that the assessor's power to increase the rateable value at the proposal stage has practical effect, while the requirement for the assessor to issue a written statement no later than 70 days before the PDD ensures that ratepayers receive notice of the assessor's intention to increase the rateable value, and therefore do not unexpectedly face higher non-domestic rates bills.

One response called for the assessor to disclose the rental or cost evidence used in arriving at the rateable value. This was already the object of the Consultation on reforming the non-domestic rates system: proposals, the draft valuation roll, content of valuation notices, etc. - Scottish Government consultations - Citizen Space in 2021 where concern was raised that the information used in some valuations was commercially sensitive and confidential and should not be shared by the assessor.

One response called for the assessor to be required to provide a reason if they postpone the PDD and this is now provided for in regulation 13(1).

One response called for "evidence" in terms of regulation 5(1)(d)(vi) to include "professional opinion". However, it is assumed that any opinion must be grounded in some form of evidence, and that such opinion can be provided under regulation 5(1)(d)(vi) which requires that a statement as to how the evidence supports the grounds of the proposal be provided when making a proposal.

One response noted that there was no recourse if the assessor failed to meet statutory deadlines set out in the instrument. This matter cannot be addressed by this instrument as it would require primary legislation.

Impact Assessments

A Business Regulatory Impact Assessment and a Child Rights and Wellbeing Impact Assessment are published alongside these Regulations.

Financial Effects

There is no fee to make a proposal and this does not require professional representation. This instrument is not expected to increase the cost of administering proposal for assessors.

Scottish Government
Local Government and Communities

May 2025