

EXECUTIVE NOTE

THE NON-DOMESTIC RATES (LEVYING) (SCOTLAND) REGULATIONS 2008 SSI/2008/85

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 resolution procedure.

Background

This instrument makes provision as to the amount payable as non-domestic rates in Scotland, in certain circumstances with effect from 1 April 2008. The instrument also makes provision for reductions in non-domestic rates as a result of the Small Business Bonus Scheme and provides for a poundage supplement on larger business properties with a rateable value in excess of £29,000.

Policy Objective: Small Business Bonus Scheme

The Scottish Government is committed to creating an environment in which small businesses in Scotland can flourish, underpinned by a fair taxation system. Small businesses sit at the heart of our local economies, and the Scottish Government is determined to help them gain a competitive advantage. There is evidence that rates account for a higher proportion of turnover of small businesses than they do for larger businesses. The Small Business Bonus Scheme aims to target additional help at genuinely small businesses. The Scheme provides relief to businesses with properties in Scotland of which the combined rateable is £15,000 or less. The Scheme provides the following reliefs from 1 April 2008:

Combined rateable value of all business properties in Scotland:	Small Business Bonus relief available, subject to eligibility:	
	2008-09	2009-10 and 2010-11
up to £8,000	80 %	100 %
£8,001 to £10,000	40 %	50 %
£10,001 to £15,000	20 %	25 %

Poundage Supplement

This instrument provides for a poundage supplement of 0.4p in the pound (the same level as in England) for small business properties with a rateable value of £29,000 or more (higher than the equivalent English thresholds). This supplement will contribute towards a small proportion of the benefits available under the Small Business Bonus Scheme, but it does not pay for the increased benefits under the new Scheme.

Consultation

We consulted 77 stakeholder organisations, including local authorities and business organisations, on the provisions contained in this instrument. Nine substantive responses were received (from seven local authorities, the Federation of Small Businesses Scotland and

the Institute of Revenues, Rating & Valuation Scotland), suggesting amendments of a mainly technical nature. These technical changes have been incorporated into the revised instrument which has subsequently been discussed with representatives of a number of local authorities.

Financial Effects

The projected cost of the new Small Business Bonus Scheme is estimated at around £73 million in 2008-09. The Scottish Government's contribution to the cost of the Small Business Bonus Scheme will be partially offset by the income raised from the poundage supplement. It is estimated that the poundage supplement of 0.4p in the pound for 2008-09 will raise around £16.6 million. The estimate of non-domestic rate income included in the Budget (Scotland) Bill (as passed on 6 February 2008) takes account of the estimated cost of all rates relief schemes, including the estimated net cost of the Small Business Bonus Scheme. The present instrument has no additional financial effects on the Scottish Government, local government or business.

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