

EXECUTIVE NOTE

THE NON-DOMESTIC RATES (LEVYING) (SCOTLAND) REGULATIONS 2010

SSI 2010/43

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

The instrument makes provision from 1 April 2010, 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 £35,000.

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. For 2010-11, the thresholds of the Scheme will increase following the 5 yearly revaluation of non-domestic properties to ensure the same number of properties continue to benefit, due to take effect from 1 April 2010.

The Scheme provides relief to businesses with properties in Scotland of which the cumulative rateable value is £18,000 or less. In addition, from 1 April 2010 it will be expanded so that where the cumulative rateable value of a business's properties falls between £18,000 and £25,000, the Scheme will offer 25% relief to individual properties with a rateable value of £18,000 or less.

The Scheme provides the following reliefs from 1 April 2010:

| Combined rateable value (RV) of all business properties in Scotland: | 2010-11 |
|---|---|
| Up to £10,000 | 100% |
| £10,001 to £12,000 | 50% |
| £12,001 to £18,000 | 25% |
| £18,001 to £25,000 | 25% on each individual property with a rateable value not exceeding £18,000* |

*This will allow a business with 2 or more properties with a cumulative rateable value of under £25,000 to qualify for relief at 25% on individual properties with a RV less than £18,000.

Poundage Supplement

This instrument provides for a poundage supplement of 0.7p in the pound (the same level as in England) for business properties with a rateable value of £35,000 or more (an increase on the £29,000, 2009-10 threshold and in line with the English threshold). This supplement contributes a small proportion of the cost of the Small Business Bonus Scheme.

Consultation

There is no statutory requirement to consult on these Regulations.

Regulatory Impact Assessment

No Regulatory Impact Assessment is required because the present instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector compared with The Non-Domestic Rates (Levying) (Scotland) Regulations 2009 which it replaces.

Financial Effects

The projected cost of the Small Business Bonus Scheme is estimated at around £109 million in 2010-11. 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 0.7p in the pound for 2010-11 will raise around £31 million. The estimate of non-domestic rate income included in the Budget (Scotland) Bill as passed on 3 February 2010 takes account of the estimated cost of all rates relief schemes, including the estimated net cost of the Small Business Bonus Scheme. The Scottish Government reimburses local authorities for the cost of granting relief as part of the general revenue grant payment. The present instrument has no additional financial effects on the Scottish Government, local government or business.

Local Government Division
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