

POLICY NOTE

THE NON-DOMESTIC RATES (LEVYING) (SCOTLAND) REGULATIONS 2014

SSI 2014/30

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 procedure.

Purpose of the Instrument

The instrument makes provision from 1 April 2014, 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.

Background - Small Business Bonus Scheme (SBBS)

The Scheme provides relief (bill discounts) to businesses with properties in Scotland where the cumulative rateable value is £18,000 or less for 2 years, 2014-15 and 2015-16. Where the cumulative rateable value of a business's properties falls between £18,000 and £35,000, the Scheme will offer 25% relief to individual properties with a rateable value of £18,000 or less. This represents an increase on the previous cumulative rateable value threshold of £25,000 and is estimated to bring an additional 4,000 premises into the Scheme.

The Scheme provides the following reliefs from 1 April 2014:

Combined rateable value (RV) of all business properties in Scotland	Relief percentage under SBBS 2014-15 and 2015-16
Up to £10,000	100%
£10,001 to £12,000	50%
£12,001 to £18,000	25%
£18,001 to £35,000	25% on each individual property with a rateable value not exceeding £18,000*

*This allows a business with 2 or more properties with a cumulative rateable value of under £35,000 to qualify for relief at 25% on individual properties with a RV up to £18,000.

In addition, payday lenders will no longer be able to benefit from the Scheme.

Large Business Supplement

This supplement contributes a small proportion of the cost of the Small Business Bonus Scheme. This instrument provides for a poundage supplement of 1.1p in the pound for all business properties with a rateable value exceeding £35,000 in 2014-15. There is a commitment that the Scottish poundage rate will not rise above the equivalent English rate for the life of the current Parliament.

Consultation

As these Regulations do not implement any additional change compared with the Non-Domestic Rates (Levying) (Scotland) (No 3) Regulations 2012, which they replace, no consultation is planned. There is no statutory requirement to consult on these Regulations.

Business and Regulatory Impact Assessment

The present instrument will not impose any new regulatory burdens on businesses, charities or the voluntary sector compared with the Non-Domestic Rates (Levying) (Scotland) (No. 3) Regulations 2012 which it replaces.

Financial Implications

The projected cost of the Small Business Bonus Scheme is estimated at around £161 million in 2014-15. 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 supplements. It is estimated that the large business supplement of 1.1p in the pound for 2014-15 will raise around £57 million.

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
February 2014