

## POLICY NOTE

### THE NON-DOMESTIC RATES (LEVYING) (SCOTLAND) REGULATIONS 2016

#### SSI 2016/114

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 2016, 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 2016-17. 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.

The Scheme provides the following reliefs from 1 April 2016:

<b>Combined rateable value (RV) of all business properties in Scotland</b> <b>Relief percentage under SBBS</b>	<b>2016-17 Relief %</b>
Up to £10,000	<b>100%</b>
£10,001 to £12,000	<b>50%</b>
£12,001 to £18,000	<b>25%</b>
£18,001 to £35,000	<b>25%</b> 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 continue to be unable to benefit from the Scheme.

#### Large Business Supplement

This supplement contributes a proportion of the cost of the Small Business Bonus Scheme. This instrument provides for a poundage supplement of 2.6p in the pound for all

business properties with a rateable value exceeding £35,000 in 2016-17.

### **Consultation**

There is no statutory requirement to consult on these Regulations, however the changes were proposed as part of the draft Budget, which is a consultative process.

### **Business and Regulatory Impact Assessment**

No Business and Regulatory Impact Assessment has been carried out.

### **Financial Implications**

The projected cost of the Small Business Bonus Scheme is estimated at around £179 million in 2016-7. The Scottish Government's contribution to the cost of the Small Business Bonus Scheme will be offset to a greater extent than previously by the income raised from the poundage supplement. It is estimated that the large business supplement of 2.6p in the pound for 2016-17 will raise a total around £120 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 or local government.

Local Government Division  
February 2016