

## POLICY NOTE

### THE NON-DOMESTIC RATES (TRANSITIONAL RELIEF) (SCOTLAND) REGULATIONS 2017

#### SSI 2017/85

The above instrument is made in exercise of the powers conferred on the Scottish Ministers by section 153 of the Local Government etc. (Scotland) Act 1994 and all other enabling powers. The instrument is subject to negative procedure.

#### **Purpose of the instrument**

The purpose of this instrument is to reduce the amount payable as non-domestic rates for certain properties for 2017-18.

These are properties wholly or mainly used for specified purposes, that were so used on 31 March 2017 (or, if unoccupied on that date, were so used when last occupied), subject to certain other conditions. The specified purposes include use as a hotel, restaurant, pub, small hydro<sup>1</sup> scheme and (in Aberdeen and Aberdeenshire only) offices.<sup>2</sup>

Unless the property is shown in a split or reorganised entry, or a merged entry taking effect after 1 April 2017, any increase in the 'gross bill'<sup>3</sup> for a day in 2017-18 is to be no more than 12.5 per cent (real terms)<sup>4</sup> of the gross bill for 31 March 2017.

Irrespective of any such limitation of the gross bill, a separate 50% relief is applicable to properties (which are not shown in a split, reorganised or merged entry) for which on 31 March 2017 the rateable value was no more than £10,000 and the amount payable for that day was reduced to zero by any reliefs.

If the property is shown in a split or reorganised entry taking effect at revaluation (i.e. on 1 April 2017), a reduction is applied to the gross bill and then uplifted by 12.5 per cent (real terms).

The above measures interact with reductions to the amount payable under other legislation.

If the property is shown in a split, reorganised or merged entry taking effect after 1 April 2017, these Regulations are not applicable. If the property has zero rateable value or had zero rateable value on 31 March 2017, these Regulations are not applicable.

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<sup>1</sup> up to 1 MW capacity

<sup>2</sup> The full list is in the Schedule to the Regulations.

<sup>3</sup> The gross bill for the purposes of this note is the rateable value on that day multiplied by a poundage factor; the poundage factor being the non-domestic rate for that year plus, where applicable, the large business supplement for that year.

<sup>4</sup> Accounting for inflation at 2%.

## **Background**

These measures relate to a ministerial statement in the Scottish Parliament on 21 February 2017 by the Cabinet Secretary for Finance and the Constitution, Derek Mackay.

## **Policy objective**

The objective is to target further support in light of the 2017 revaluation and a wider consideration of relevant issues informed by stakeholder engagement. Accordingly, national support is targeted within the hospitality sector and within the renewables sector. Occupiers of office space are supported in Aberdeen and Aberdeenshire, being the area most affected by adverse changes in the oil and gas sector.

## **Consultation**

There is no statutory requirement to formally consult on these Regulations. However the proposals were informed by stakeholder engagement.

## **Business and Regulatory Impact Assessment**

No Business and Regulatory Impact Assessment has been carried out.

## **Financial implications**

The decrease in the amount of non-domestic rates payable is in line with the policy objective as outlined above, and is subject to State aid *de minimis*.

**Local Government & Analytical Services Division**  
**March 2017**