POLICY NOTE

THE NON-DOMESTIC RATING (UNOCCUPIED PROPERTY) (SCOTLAND) REGULATIONS 2018

SSI 2018/77

The above instrument is made in exercise of the powers conferred by sections 24(2) and (3), 24A(4) and 24B(3) of the Local Government (Scotland) Act 1966 and all other enabling powers. The instrument is subject to negative procedure and comes into force on 1 April 2018.

Purpose of the instrument

The purpose of this instrument is twofold.

First, it expands ‘Fresh Start’ relief for qualifying properties occupied from 1 April 2018 or thereafter, by widening the eligibility criteria and increasing the level of relief from 50% to 100%. All property uses will be eligible (except payday lending) and the minimum prior period of having received empty property relief will drop from 12 to 6 months. The upper rateable value threshold remains at £65,000 and the maximum period of relief remains at 12 months. Qualifying properties in receipt of 50% Fresh Start relief on 31 March 2018 can continue to receive it from 1 April 2018 for the remainder of their 12-month period.

Second, the instrument replaces another instrument which has been amended multiple times, The Non-Domestic Rates (Unoccupied Property) (Scotland) Regulations 1994. The reliefs for unoccupied and partly unoccupied properties remain substantively unchanged (broadly, unoccupied industrial property receives 100% relief for an initial 6-month period followed by 10% relief, while other property receives 50% relief for an initial 3-month period followed by 10% relief). ‘New Start’ relief is not extended to properties entering the valuation roll from 1 April 2018 or thereafter, as a wider relief will instead be provided by a separate instrument, The Non-Domestic Rates (New and Improved Properties) (Scotland) Regulations 2018, as part of the Government’s response to the Barclay review. New Start relief will however continue to be applicable until the end of 2019-20 for qualifying properties entered in the roll by 31 March 2018.

Background

This measure forms part of our response to the Barclay review, and goes beyond the Barclay recommendation in question. The measure is unique in the UK.

Policy objective

The Scottish Government is committed to fair and sustainable non-domestic rates, in line with Scotland being the best place in the UK to do business. Expanding Fresh Start relief in this way will increase the incentive to re-occupy empty property, thus supporting town centres and other areas.

Consultation

There is no statutory requirement to formally consult on these Regulations. The Barclay recommendation and Scottish Government response were each informed by wide engagement with ratepayers.

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 in respect of expanding Fresh Start relief is estimated by the Scottish Fiscal Commission at around £2 million, which is in line with the policy objective as outlined above. This relief is not subject to State aid *de minimis*.

Local Government & Analytical Services Division, Scottish Government
February 2018