

POLICY NOTE

THE NON-DOMESTIC RATES (VALUATION ROLL) (MODIFICATION) (SCOTLAND) REGULATIONS 2022

SSI 2022/126

The Scottish Ministers make these Regulations in exercise of the powers conferred on them by section 2A(7)(b) of the Local Government (Scotland) Act 1975 and all other powers enabling them to do so. This instrument is subject to the affirmative procedure.

The Regulations modify the definition of “relevant increase” in the rateable value of lands and heritages in section 2A(5) of the Local Government (Scotland) Act 1975.

Policy Objectives

The Regulations modify the definition of “relevant increase” in section 2A(5) of the Local Government (Scotland) Act 1975 which requires a mark on the valuation roll for certain non-domestic properties. The effect of this is two-fold. First, the Regulations align the category of properties requiring a mark on the valuation roll with those currently potentially eligible for the Business Growth Accelerator (BGA) relief, in order to facilitate the administration of the relief. Currently provided for by the Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Regulations 2019¹, the Business Growth Accelerator has been subject to following expansions:

- From 1 April 2020, eligibility for this relief was extended by The Non-Domestic Rates (Relief for New and Improved Properties) (Scotland) Amendment Regulations 2020² to include improvements of lands and heritages involving installation of plant and machinery falling within Class 4 in the schedule of the Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000³ (“the 2000 Regulations”), as amended. This includes items which are in the nature of a building, or which form an integral part of a building. For example this might include plant machinery such as, turbines and generators, boilers, chimneys and flues, tanks, and silos.
- From 1 April 2021, Business Growth Accelerator relief was expanded in The Non-Domestic Rates (Levying and Miscellaneous Amendments) (Scotland) Regulations 2021⁴ so that improvements were no longer ruled out of giving rise to a relevant increase where they involved a change in use of a property.

Secondly, the Regulations provide for a further expansion of potential eligibility for the relief beyond that which exists at present. As from 1 April, “relevant increase” is expanded so that the installation of solar panels or solar cells will be a qualifying property improvement for Business Growth Accelerator relief, provided the panels or cells fall within Class 1 or Class 2 of the schedule of the 2000 Regulations. At the same time the relief will be re-based so that it is provided for under regulations made under section 14 of the Non-Domestic Rates (Scotland) Act 2020. Section 14 provides for relief, in certain circumstances, for properties

¹ S.S.I. 2019/40

² S.S.I. 2020/40

³ S.S.I. 2000/58

⁴ S.S.I. 2021/65

which are “newly built” or “improved”. A property is “improved” where its entry in the valuation roll is altered to reflect an increase in rateable value within the meaning of section 2A(5) of the Local Government (Scotland) Act 1975.

The function of the mark on the roll is to assist local authorities in identifying properties in relation to which there may be an entitlement to Business Growth Accelerator relief. It is envisaged that a mark be placed on the roll at the point where the entry for a property is altered to reflect the increase in value.

Consultation

In accordance with section 2A(8) of the Local Government (Scotland) Act 1975, Scottish Ministers have consulted such persons as they consider appropriate, namely Scottish assessors and local authorities.

Impact Assessments

No Business and Regulatory Impact Assessment is required.

Financial Implications

The instrument has no direct financial implications.

Scottish Government

Local Government and Communities Directorate

January 2022