

## POLICY NOTE

### THE NON-DOMESTIC RATES (LEVYING AND MISCELLANEOUS AMENDMENT) (SCOTLAND) REGULATIONS 2024

#### SSI 2024/4

The above instrument was made in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994. The instrument is subject to the negative procedure.

#### Summary Box

The Regulations provide for a number of non-domestic rates policies which take effect on 1 April 2024:

- Provision in the financial year 2024-25 for reductions in non-domestic rates as a result of the Small Business Bonus Scheme and Fresh Start relief.
- The two supplements which, added to the poundage, respectively provide the non-domestic rate applicable to properties with a rateable value in excess of £51,000 and up to £100,000 (which are liable for the Intermediate Property Rate), and to properties with a rateable value in excess of £100,000 (which are liable for the Higher Property Rate).
- An amendment to the Non-Domestic Rates (Enterprise Areas) (Scotland) Regulations 2016 to extend and phase out the relief over the financial years 2024-25 and 2025-26.
- An amendment to the Non-Domestic Rates (Telecommunication Installations) (Scotland) Regulations 2016 to extend the relief by two years until 31 March 2031.
- An amendment to the Non-Domestic Rates (District Heating Relief) (Scotland) Regulations 2017 to extend and expand District Heating relief for renewable district heating networks.

#### Policy Objectives

##### Poundage Supplements (Property Rates)

This instrument provides for a poundage supplement of 4.7p in the pound to apply to all non-domestic properties with a rateable value from £51,001 up to and including £100,000 (4.7p supplement + poundage = Intermediate Property Rate); and a poundage supplement of 6.1p in the pound to apply to all non-domestic properties with a rateable value exceeding £100,000 (6.1p supplement + poundage = Higher Property Rate) on any day in the financial year 2024-25. The poundage is set out annually in Non-Domestic Rate (Scotland) Orders made under section 7B(1) of the Local Government (Scotland) Act 1975.

##### Small Business Bonus Scheme

This instrument provides for the Small Business Bonus Scheme in 2024-25. This scheme provides relief (bill discounts) to non-domestic properties, the cumulative rateable value - i.e. the rateable value of the total number of premises that a person (the ratepayer) is liable to pay rates for in Scotland, of which is £35,000 or less. Subject to this, the scheme offers 100% relief to eligible individual properties with a cumulative rateable value of £12,000 or less, regardless of whether the ratepayer is liable to pay non-domestic rates in respect of only one entry, or multiple entries, in the valuation roll.

For ratepayers liable to pay non-domestic rates in respect of only one entry in the valuation roll, relief for eligible properties tapers from 100% to 25% for individual properties with rateable values from £12,001 to £15,000; and tapers from 25% to 0% for properties with rateable values from £15,001 to £20,000.

Where a ratepayer is instead liable to pay rates for multiple entries in the valuation roll and where the cumulative rateable value is between £12,001 and £35,000, then relief of 25% is available on each individual eligible property with a rateable value of £15,000 or less and relief tapers from 25% to 0% for individual eligible properties with rateable values between £15,001 and £20,000.

Table 1 shows the Small Business Bonus Scheme relief for eligible non-domestic properties where the ratepayer is liable for rates for only one entry in the valuation roll.

**Table 1: Small Business Bonus Scheme relief where the ratepayer has only one property on the valuation roll**

Rateable value range	Percentage of relief
£12,000 or less	100%
£12,001 to £15,000	Relief percentage = $100 - (75 \times (1 - \frac{(15000 - RV)}{3000}))$
£15,001 to £19,999	Relief percentage = $25 \times (\frac{(20000 - RV)}{5000})$

Table 2 shows the Small Business Bonus Scheme relief available for eligible non-domestic properties where the ratepayer is liable for non-domestic rates on multiple entries in the valuation roll.

**Table 2: Small Business Bonus Scheme relief where the ratepayer has more than one property on the valuation roll**

Cumulative rateable value range	Percentage of relief
£12,000 or less	100%
£12,001 to £35,000	25% on each individual property with a rateable value of £15,000 or less For individual properties with rateable value £15,001 to £19,999, relief percentage = $25 \times (\frac{(20000 - RV)}{5000})$

No Small Business Bonus Scheme relief is available for individual properties where the cumulative rateable value that the ratepayer pays non-domestic rates for in Scotland is over £35,000.

Advertisements, car parks, betting shops and properties used for payday lending are not eligible for Small Business Bonus Scheme relief.

Unoccupied properties are not eligible for Small Business Bonus Scheme relief.

## **Fresh Start Relief**

These regulations provide for Fresh Start relief from 1 April 2024.

Fresh Start relief was introduced on 1 April 2016 and initially offered 50% relief for up to 12 months upon re-occupation to shops, offices, restaurants, pubs and hotels with a rateable value up to and including £65,000, and that had been empty for over 12 months before becoming re-occupied. This has since been expanded as part of the Scottish Government's response to the independent Barclay Review of Non-Domestic Rates and from 2023-24 offers 12 months 100% relief to all properties (with the exception of payday lending) where the property became reoccupied after 6 months or more of being unoccupied and the rateable value does not exceed £100,000.

Properties used for payday lending are not eligible for Fresh Start relief.

Fresh Start relief is not available where the property is unoccupied.

An application requires to be made by the ratepayer to the council for Fresh Start relief. Where relief spans two financial years however, the regulations only require that an application be made in relation to the first financial year.

## **Enterprise Areas Relief**

These regulations will continue provision of non-domestic rates relief in these Enterprise Areas on a phased basis until the relief ends on 31 March 2026.

Four themed Enterprise Areas, which span 16 different sites aimed to support the development of key sectors (Life Sciences, Low Carbon Industries, Manufacturing and Food and Drink) and creation of high-quality jobs.

Enterprise Areas relief was introduced in 2012 for an initial period of five years and was further extended in 2016, 2020, 2022, and 2023.

Tables 3 and 4 show the Enterprise Areas relief available to eligible non-domestic properties in the 2024-25 and 2025-26 financial years.

**Table 3: Enterprise Areas relief in 2024-2025**

<b>Rateable value</b>	<b>Percentage of rates relief</b>
£120, 000 or less	66.7%
More than £120,000 but not exceeding £240,000	33.3%
More than £240,000 but not exceeding £480,000	16.7%
More than £480,000 but not exceeding £1,200,000	6.7%
More than £1,200,000 but not exceeding £2,400,000	3.3%
More than £2,400,000	1.7%

**Table 4: Enterprise Areas relief in 2025-26**

Rateable value	Percentage of rates relief
£120, 000 or less	33.3%
More than £120,000 but not exceeding £240,000	16.7%
More than £240,000 but not exceeding £480,000	8.3%
More than £480,000 but not exceeding £1,200,000	3.3%
More than £1,200,000 but not exceeding £2,400,000	1.7%
More than £2,400,000	0.8%

An application requires to be made by the ratepayer to the council for Enterprise Areas relief.

### Mobile Masts Relief

Relief for new mobile telecommunications masts in specified locations is aimed at incentivising mobile operators to build masts and/or improve the viability of mobile operators' business case to provide mobile services in those areas. These regulations extend the relief available until 31 March 2031.

Achieving improved mobile coverage in Scotland is a key objective set out in the Scottish Government's *Mobile connectivity: action plan* (2016)<sup>1</sup>. It is also referenced in: the Scottish Government's 5G Strategy: *Forging Our Digital Future With 5G: A Strategy For Scotland* (2019)<sup>2</sup>; the Scottish Government's Digital Strategy: *A Changing Nation: How Scotland will Thrive in a Digital World* (2021)<sup>3</sup> and the Scottish Government's *A Fairer, Greener Scotland: Programme for Government 2021-22* (2021)<sup>4</sup>. The non-domestic rates relief is part of the Scottish Government's commitment to working in collaboration with the mobile industry to set the right conditions to incentivise infrastructure investment in non-commercial areas (so-called "notspots").

An application requires to be made by the ratepayer to the council for Mobile Mast relief.

### District Heating Relief

90% Renewable District Heating relief was introduced on 1 April 2021 under the Non-Domestic Rates (District Heating Relief and Renewable Energy Generation Relief) (Scotland) Amendment Regulations 2021. This relief was due to expire on 31 March 2024 and for any day up to and including 31 March 2024 is only available for renewable district heating networks entered on the valuation roll on or after 1 April 2021.

These regulations extend 90% Renewable District Heating relief until 31 March 2027.

To incentivise all district heating networks to be powered by renewable energy sources, the regulations provide that from 1 April 2024 90% Renewable District Heating relief will be available for a district heating network on any day in the financial year provided at least 80%

<sup>1</sup> <https://www.gov.scot/publications/mobile-action-plan/>

<sup>2</sup> <http://www.gov.scot/ISBN/9781839600371>

<sup>3</sup> <https://www.gov.scot/publications/a-changing-nation-how-scotland-will-thrive-in-a-digital-world/documents/>

<sup>4</sup> <https://www.gov.scot/publications/fairer-greener-scotland-programme-government-2021-22/documents/>

of the thermal energy generated by that network in that particular financial year derives from renewable generation.

The Scottish Government is committed to supporting renewable energy. Requiring that at least 80% of the thermal energy derived from renewable generation is aimed at incentivising limited use of fossil fuels by offering this support where the use of renewable sources is optimised.

An application requires to be made by the ratepayer to the council for District Heating relief.

### **EU Alignment Consideration**

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

### **Consultation**

There is no statutory requirement to formally consult on these Regulations.

The policies provided for in these regulations were set out in the Scottish Budget 2024-25.<sup>5</sup>

### **Impact Assessments**

No Business and Regulatory Impact Assessment has been carried out.

### **Financial Effects**

The decrease in the amount of non-domestic rates payable as a result of the reliefs is in line with the policy objectives as outlined above.

The Scottish Fiscal Commission's Scotland's Economic and Fiscal Forecasts<sup>6</sup> published on 19 December 2024 forecasted the cost of each relief.

Scottish Government  
Local Government and Housing Directorate

January 2024

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<sup>5</sup> <https://www.gov.scot/publications/scottish-budget-2024-25/>

<sup>6</sup> <https://www.fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-december-2023/>