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24th February 2020

REFORMS TO NON-DOMESTIC RATING SYSTEM: The Barclay Review of Non-Domestic Rates and the Non-Domestic Rates (Scotland) Bill

Dear non-domestic Proprietor/Tenant/Occupier,

As a proprietor, tenant or occupier of a non-domestic property, your property will be liable for non-domestic rates (business rates). Non-domestic rates are administered and collected by councils.

In response to concerns associated with the non-domestic rates system in Scotland, the First Minister of Scotland established an independent review group (the Barclay Review) in 2016 to consider how the rates system could better support business growth and long-term investment, and reflect changing market places.

The Scottish Government accepted the majority of the recommendations of the Barclay Review. The final package was broadly welcomed by the business community and on 5 February 2020, the Non-Domestic Rates (Scotland) Bill completed its passage in the Scottish Parliament. I am writing to you today to highlight some of the relevant reforms of the Bill and other administrative changes.

THESE REFORMS WILL HAVE SIGNIFICANT IMPLICATIONS FOR THE NON-DOMESTIC RATES SYSTEM AND ALL RATEPAYERS (INCLUDING PROPRIETORS OF NON-DOMESTIC PROPERTIES) ARE ENCOURAGED TO FAMILIARISE THEMSELVES WITH THE CHANGES OUTLINED IN THIS LETTER.



Kate Forbes

Q&A ON REFORMS TO NON-DOMESTIC RATING SYSTEM

How will the reforms improve the non-domestic rates system?

Revaluations will be carried out more frequently - every three (instead of five) years from 1 April 2022. This will help ensure that rateable values of properties will be much more closely aligned to current market values, thereby reducing volatility in rateable values and making the system more flexible to changing economic circumstances.

A standardised bill will be introduced by councils to improve clarity and consistency across Scotland.

Councils are processing refunds to ratepayers for overpayment of rates more quickly.

Assessors are moving towards greater transparency across the country, including improvements to the www.saa.gov.uk website.

Assessors will be required to provide more and clearer information to ratepayers on how a property's rateable value has been calculated from the next revaluation.

What am I legally required to do?

Valuation

Assessors require accurate information to carry out property valuations. You will be legally required to provide the information that is requested of you within 28 days. Failure to respond within that period may result in a civil penalty and continued failure to respond may result in an increased penalty. Failure to respond within 84 days may see you becoming liable for a penalty equivalent to 71% of the rateable value of the property.

Assessors may request information from a proprietor, tenant or occupier of a property as well as any other relevant person. **If you receive a request for information from an Assessor and do not hold the information requested, please contact the Assessor immediately.**

Billing

You must return your information notice to Councils within 21 days, or notify your Council of a change in occupier of a property within 42 days. Failure to do so will result in a civil penalty of up to £370 from 1 April 2021.

Councils will also be able to initiate debt recovery as soon as payment of any instalment is missed.

How is the appeals system changing?

From 1 April 2022, a new two-stage appeals system will be introduced to encourage earlier resolution of any disagreement between the Assessor and the proprietor, tenant or occupier without the need to use the formal appeals process. The reforms are also intended to speed up access to justice for those properties that continue to require to go to a formal appeal.

For the 2022 revaluation, Assessors will be required to provide more and clearer information to proprietors, tenants and occupiers on how a property's rateable value has been calculated. It is hoped that this clarity will reduce reliance on the formal appeals system to understand how a property has been valued.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

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Self-catering accommodation

In order to be classed as a non-domestic property and liable for non-domestic rates instead of Council Tax, a self-catering property will be required to provide evidence of 70 days of actual letting as well as 140 days of intention to let from 2020-21 onwards. Councils will have some discretion to change that criteria in exceptional circumstances.

What changes will be made to reliefs?

From 1 April 2020:

- Only properties that are occupied will qualify for relief under the Small Business Bonus Scheme.
- A new 100% relief is being introduced for Reverse Vending Machines that take used drinking containers.
- The period of occupation required between two claims for empty property relief will be increased from 6 weeks to 6 months.

From 1 September 2020:

- Charitable mainstream independent schools will no longer be eligible for charitable rates relief.

From 1 April 2021:

- Scottish Ministers will have the power to issue statutory guidance to councils regarding who they can grant discretionary sports relief to.

From 1 April 2022:

- The Government will devolve empty property relief to Councils. The relief will cease to exist, but councils are already able to put in place local reliefs for any ratepayer in their area.

Where can I find further information?

You can approach your Council or Assessor with any questions you may have in relation to the reforms delivered by the Barclay Review or Non-Domestic Rates (Scotland) Bill.

For further information on non-domestic rates, please visit the Scottish Government website: <https://www.mygov.scot/non-domestic-rates-guidance/>

For a timeline of the reforms, please visit the following link: <https://www.gov.scot/publications/non-domestic-business-rates-roadmap-to-2025/>

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