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[redacted]

Our Reference: 202200335045  
Your Reference: MR

16 January 2023

Dear [redacted],

Thank you for your email of 12 December 2022 to the Deputy First Minister and Cabinet Secretary for Covid Recovery regarding non-domestic rates relief. I am responding as I have portfolio responsibility for non-domestic rates.

The Scottish Budget 2023-24 published on 15 December prioritises the Scottish Government's strategic objectives of eradicating child poverty; transforming the economy to deliver a just transition to Net Zero; and providing sustainable public services. It also recognises the challenges facing businesses and communities which is why we are also offering a generous non-domestic rates package which takes into account the forthcoming 2023 revaluation.

Against a backdrop of record-high inflation, the poundage will be frozen at 49.8p in 2023-24, ensuring the lowest poundage in the UK for the fifth year in a row and saving ratepayers an estimated £308 million compared to an inflationary increase. We are also reducing the number of properties liable for the Higher Property Rate by increasing the rateable value threshold at which this applies, from £95,000 to £100,000.

We will also support a package of reliefs worth an estimated £744 million, including a Revaluation Transitional Relief which aims to protect those properties seeing the most significant increases in rateable values. Increases in non-domestic rates liabilities due to the revaluation taking effect on 1 April 2023 will be capped at 12.5% (cash terms) for small properties, 25% for medium-sized properties and 37.5% for large properties (rateable values above £100,000) in 2023-24, rising in subsequent years. This relief is expected to support an estimated 84,000 properties with their gross rates bills in 2023-24

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Tha Ministearanna h-Alba, an luchd-comhairleachaidh sònraichte agus Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh [www.lobbying.scot](http://www.lobbying.scot)



The Small Business Bonus Scheme (SBBS) will be reformed whilst ensuring that it remains the most generous scheme of its kind in the UK, and that it continues to take 100,000 properties out of rates altogether. Eligibility for partial relief will be expanded and the relief will be made more progressive by introducing a taper. We will also introduce a Small Business Transitional Relief to ensure that properties losing or seeing a reduction in SBBS or Rural rates relief at revaluation do so in a phased manner.

Properties in the retail, hospitality and leisure sectors will benefit from these measures including the lowest poundage in the UK for the fifth year in a row, and, for those seeing the largest increases in rateable values for instance, the transitional relief schemes proposed for 2023-24. We further expect around half of the properties in the Retail, Hospitality and Leisure sectors to be eligible for 100% SBBS relief in 2023-24.

I hope that this information is helpful.

Yours sincerely



**TOM ARTHUR**

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