

- **Over 70% of Scottish properties will pay the same or less in 2017-18 than they do currently.**
- **And, excluding large designated utilities, the average bill paid by ratepayers, including the reliefs announced today, is due to decline by 2%.**
- We are cutting the poundage by 3.7%, extending the Small Business Bonus Scheme, and focusing the Large Business Supplement only on the very biggest premises.
- An external review (led by Ken Barclay) is exploring how business rates can better reflect economic conditions and support growth. We will respond quickly when it concludes in the summer.
- All ratepayers have a right of appeal against the independent Assessors determination of rateable value. This is free to do in Scotland, unlike in England where charges are proposed from 2017-18.

Next Year’s Poundage and Reliefs

The rates poundage will drop 3.7% from 48.4p for 2016-17 to 46.6p for 2017-18.

We are excluding 8,000 premises from the large business supplement, and limiting it to fewer than 10% of premises (around 20,000) by raising the threshold for the supplement from a rateable value of £35,000 to £51,000.

The help already available to businesses

A range of relief (discount) schemes are in operation, which reduce the total bill paid by a property. The major reliefs include the Small Business Bonus, Charities Relief, Unoccupied/partly unoccupied Property Relief, and Disabled Persons Relief.

- We are proposing reliefs worth over £600 million for 2017/18.
- More than half of rateable properties will pay nothing for 2017-18 due to the Small Business Bonus and other reliefs.
- The Small Business Bonus eligibility threshold for 100% rates relief will increase to a rateable value of £15,000, lifting 100,000 properties out of rates altogether.
- The Small Business Bonus will provide maximum support of £6,990 per business
- The Small Business Bonus has saved business over £1.2 billion cumulatively since 2008.
- Properties with Rateable Value up to £18,000 can still get 25% relief, as is the case currently [so long as ratepayer’s cumulative rateable value is no more than £35k].

	Scotland		England	
	2016-17	2017-18	2016-17	2017-18
poundage (pence)	48.4	46.6	48.4	46.6
large business supplement (pence)	2.6	2.6	1.3	1.3
LBS threshold (rateable value)	£35k	£51k	£18k / £25.5k London	£51k
small business 100% relief – upper threshold (rateable value)	£10k	£15k	£6k	£12k
small business <100% relief (rateable value)	50% to £12k 25% to £18k	25% up to £18k	tapers to 0% at £12k	...0% at £15k

Additional help now being made available – bringing total relief for 2017-18 to £660m

Hotels & Pubs

As a result of the revaluation, on average, hotels were facing increases in their Gross Bills of 37%. This is significantly higher than other sectors.

We will therefore cap 2017-18 bill increases at 12.5% (real terms) through the creation of a new national relief scheme and to consolidate the support to the sector we will extend this to pubs, restaurants and cafes. This will benefit around 8,500 properties and bring the average gross bill increase for hotels down to 12% and for pubs down to 2%.

The Barclay Review of Business Rates has confirmed that the review group has been made aware of the issues raised by the hospitality trade and are actively engaging with the sector. The Scottish Government will consider the group's report carefully and act quickly to implement it where it can.

Aberdeen & Aberdeenshire Office Space

Office space in Aberdeen and Aberdeenshire is facing particular economic difficulty as a result of the downturn on the Oil & Gas sector. The revaluation would see increases in Gross Bills of 17% in Aberdeen city and 15% in Aberdeenshire compared to a national decrease of 10%

We will introduce a new local relief scheme to cap 2017-18 bill increases to no more than 12.5%. This will benefit around 1,000 premises.

Renewables

For the renewables sector, where the cuts to subsidies by the UK government puts their continued development at risk, we will offer a package of reliefs including:

- Rolling forward current rates relief up to 100% for qualifying community renewables and new build schemes, and lower the eligibility threshold for community schemes from 1 MW to 0.5 MW
- Cap rates bill increases at 12.5% for small-scale hydro schemes (up to 1 MW)
- Offer a new 50% relief for district heating schemes

This will benefit around 100 premises.

What this means for properties in different parts of the country

The following table shows the number of rateable properties who will either see a (cash terms) reduction in their bill or see no change in their bill as a result of the Business Rates revaluation. This modelling is known to underestimate these properties because it does not take account of all the support through relief schemes provided by the Scottish Government and by Local Authorities in Scotland.

Local authority	No of rateable properties	% with decrease or no change in bill*
Aberdeen City	8,603	38%
Aberdeenshire	11,695	60%
Angus	4,703	78%
Argyll & Bute	8,311	67%
Clackmannanshire	1,532	63%
Dumfries & Galloway	9,013	71%
Dundee City	5,722	80%
East Ayrshire	3,876	70%
East Dunbartonshire	2,345	74%
East Lothian	3,323	63%
East Renfrewshire	1,736	78%
Edinburgh, City of	19,411	62%
Eilean Siar	2,429	66%
Falkirk	4,809	70%
Fife	13,299	77%
Glasgow City	25,582	73%
Highland	17,131	68%
Inverclyde	2,317	78%
Midlothian	2,856	60%
Moray	4,540	57%
North Ayrshire	5,009	72%
North Lanarkshire	9,855	79%
Orkney Islands	2,130	74%
Perth & Kinross	8,273	72%
Renfrewshire	6,343	73%
Scottish Borders	7,247	61%
Shetland Islands	1,986	69%
South Ayrshire	4,679	69%
South Lanarkshire	9,764	75%
Stirling	4,882	71%
West Dunbartonshire	2,855	74%
West Lothian	5,673	68%
<i>Designated utilities **</i>	29	45%
Scotland	221,958	69%

** These percentages are a known underestimate. In the first instance Gross Bill changes are analysed. Some basic property by property modelling of SBBS is then applied. In reality, many more businesses will benefit from some form of SBBS as well as the other reliefs provided by the Scottish Government.*

What the new reliefs will mean for business properties by local authority and sector

NEW RELIEF ANALYSIS	Hotels, Pubs, Restaurants, Cafes		Offices		Total	
	Number Benefitting	Relief (£m)	Number Benefitting	Relief (£m)	Number Benefitting	Relief (£m)
Aberdeen City	500	3.7	847	3.8	1,347	7.5
Aberdeenshire	311	1.2	303	1.1	614	2.3
Angus	97	0.3		0.0	97	0.3
Argyll & Bute	722	1.4		0.0	722	1.4
Clackmannanshire	39	0.2		0.0	39	0.2
Dumfries & Galloway	289	0.5		0.0	289	0.5
Dundee City	104	0.5		0.0	104	0.5
East Ayrshire	59	0.2		0.0	59	0.2
East Dunbartonshire	22	0.1		0.0	22	0.1
East Lothian	159	0.6		0.0	159	0.6
East Renfrewshire	11	0.1		0.0	11	0.1
Edinburgh, City of	1,551	11.7		0.0	1,551	11.7
Eilean Siar	110	0.1		0.0	110	0.1
Falkirk	101	0.7		0.0	101	0.7
Fife	330	1.3		0.0	330	1.3
Glasgow City	563	3.3		0.0	563	3.3
Highland	1,214	2.9		0.0	1,214	2.9
Inverclyde	31	0.1		0.0	31	0.1
Midlothian	61	0.3		0.0	61	0.3
Moray	179	0.5		0.0	179	0.5
North Ayrshire	175	0.5		0.0	175	0.5
North Lanarkshire	48	0.2		0.0	48	0.2
Orkney Islands	75	0.2		0.0	75	0.2
Perth & Kinross	448	1.3		0.0	448	1.3
Renfrewshire	73	1.2		0.0	73	1.2
Scottish Borders	266	0.4		0.0	266	0.4
Shetland Islands	68	0.5		0.0	68	0.5
South Ayrshire	208	0.8		0.0	208	0.8
South Lanarkshire	88	0.3		0.0	88	0.3
Stirling	317	1.6		0.0	317	1.6
West Dunbartonshire	44	0.2		0.0	44	0.2
West Lothian	117	0.4		0.0	117	0.4
<i>Designated Utilities</i>		0.0		0.0	0	0.0
Scotland	8,380	37.1	1,150	4.8	9,530	42.0

ANNEX

How Business Rates works

Non-domestic rates (Business rates) are a property-based tax charged to businesses and the public and third sectors, based on a property's rateable value. The revenue from NDR helps fund local services, including services to business. There are three main bodies involved in the rating system:

- the Scottish Assessors, assess the rateable values of non-domestic properties
- the Scottish Government sets the annual tax rate ("Poundage") and sets out and funds the national framework for reliefs, and
- local authorities, determine relief eligibility, issue NDR bills and collect payments.

The **Rateable Value** - set by the Scottish Assessors who work independently of the Scottish Government - is broadly equivalent to a year's fair market rent at the "Tone Date". The Assessor compare a range of property information and study the rental market to arrive at Rateable Valuations.

Each individual property's bill is based on a proportion of the rateable value. This proportion is set annually by the Scottish Parliament and is called the **Poundage**. Each bill is therefore calculated as follows:

$$\text{Business Rates Bill} = \text{Poundage} \times \text{Rateable Value}$$

Larger properties pay a larger tax rate through the addition of a poundage supplement – the Large Business Supplement.

How the Revaluation works

At regular intervals there is a statutory revaluation of the rateable value of all non-domestic properties. The rateable values of non-domestic properties are determined by the Scottish Assessors. They work independently of both the Scottish Government and local authorities.

Following a revaluation new values generally remain unchanged until the next revaluation unless properties are altered or other changes take place.

The Assessor is required to notify proprietors, tenants and occupiers of all changes which are made to the Valuation Roll by issuing a Valuation Notice.