

POLICY NOTE

THE NON-DOMESTIC RATES (CORONAVIRUS RELIEFS) (SCOTLAND) REGULATIONS 2020

SSI 2020/101

The above instrument is made in exercise of the powers conferred by section 153 of the Local Government etc (Scotland) Act 1994 and all other powers enabling the Scottish Ministers to do so. The instrument is subject to the negative procedure.

Purpose

The purpose of these Regulations is to provide temporary reliefs intended to counter the adverse economic impact of COVID-19 for the 2020-2021 financial year only.

The measures provided are as follows:

- a 1.6% non-domestic rates relief for all non-domestic properties in Scotland applying to the gross rates bill (including any supplements)
- a 100% non-domestic rates relief for properties with specified uses in the retail, hospitality and leisure (RHL) sectors
- a 100% relief for airports and handling service providers, and for lands and heritages occupied by Loganair Ltd.

The Regulations also make changes to the Non-Domestic Rates (Transitional Relief) (Scotland) Amendment Regulations 2020 to ensure that the calculation of the notional liability, transitional limit, and calculation of changes in rateable value, include the three non-domestic property rates in place in 2020-21 - the poundage plus the two increased rates as a result of the supplements set out in The Non-Domestic Rates (Levy) (Scotland) Regulations 2020, taking account of the adjustment made by the 1.6% relief.

Policy Objectives

The Regulations will introduce a universal 1.6% relief on gross rates bills, which will be additive to any other relief that the property may be in receipt of up to a maximum of 100% relief. No application is to be required for this relief, and it is to be awarded automatically.

The 100% RHL relief will be available for properties in the retail, hospitality and leisure sectors, where they are wholly or mainly used on a day for a purpose specified in the classes in schedule 1 of the Regulations. This relief is not available for properties that were unoccupied on 17 March 2020. This is in order to target relief to properties that are in difficulty in 2020-21 as a result of COVID-19 directly. This relief is still available to those properties that are closed temporarily due to the UK or Scottish Government's requirements or advice on COVID-19, and for the purposes of this relief they will be treated as continuing to be occupied.

100% relief is also available for airports listed in schedule 2 of the regulations, as well as properties wholly or mainly used to provide handling services (as defined in the Regulations) at those airports, for scheduled passenger flights. Relief is also provided for property

occupied by the company named Loganair Limited, incorporated with company registration number SC170072 (this is specified separately as it has property that, unlike that of other similar providers, is not situated at an airport).

Hospitality is considered to include: bed and breakfast accommodation, camping sites, caravans and caravan sites, chalets, holiday huts, bothies, guest houses, hotels, hostels, public houses, restaurants (which would include cafés, coffee shops, bistros, fast food restaurants or snack bars), self-catering holiday accommodation, timeshare accommodation, markets, retail shops (which would include charity shops), car washes, letting agencies (providing that it is operated by a person who on 21 March 2020 was or had applied to be a registered letting agent), funeral parlours and travel agencies, hair and beauty services (for example hairdressers, nail bars, beauty salons and tanning shops), shoe repairs/key cutting, laundry services (which would include laundrettes and dry cleaners), repairs of domestic electrical goods, photo processing, car hire and tool hire.

Leisure is considered to include: galleries or centres, sports clubs, sports centres, sports grounds (which would include bingo halls, bowling greens, cricket grounds, football grounds, golf courses, miniature railways, recreation grounds and tennis courts), clubhouses, gymnasiums, museums, cinemas, theatres, music venues, recreation grounds, tourist attractions or tourist facilities (which would include standalone visitor centres) and ticket offices.

The examples of property uses provided above will be used by local authorities to determine whether lands and heritages fall within the categories set out in schedule 1 of the Regulations and, if so, to grant them the relief. No application is to be required; the relief is to be awarded automatically.

These Regulations would not provide relief to, amongst other premises:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices
- Casinos, gambling clubs and betting shops.

Consultation

There is no statutory obligation to consult on these Regulations.

Impact Assessments

No Business and Regulatory Impact Assessment is required because the present instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector.

Financial Effects

The decrease in the amount of non-domestic rates payable is in line with the policy objectives as outlined above. The RHL and airport reliefs are subject to State aid *de minimis*.

The Scottish Fiscal Commission published on 27th March a forecast of the reduction in non-domestic rates income as a result of these reliefs which is available at:
<https://www.fiscalcommission.scot/publications/>

Scottish Government
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