



MONTAGU EVANS TALKS...

SCOTTISH BUDGET 2021/2022 - NON-DOMESTIC RATES

BY GREGOR WILSON

The Scottish Government has provided some insight into items contained within the 2021/2022 Scottish Budget which will have an effect on non-domestic rates as we move into the new financial year. The majority of the following items are intended to alleviate the ever increasing financial tax burden which Scottish ratepayers continue to experience due to the effect of Covid-19 and the ever increasing restrictions imposed upon them.

RATE POUNDAGE

The following rate poundages will apply in FY 2021/2022:

Basic Property Rate ('Poundage')	49p
Intermediate Property Rate (rateable values between £51,001 and £95,000)	50.3p (Poundage +1.3p)
Higher Property Rate (rateable value above £95,000)	51.6p (Poundage +2.6p)

RETAIL, HOSPITALITY, LEISURE AND AVIATION RELIEF

The current 2020/2021 relief currently in place for Retail, Hospitality, Leisure and Aviation sectors will be available for three months from 1 April 2021 to 30 June 2021, however the relief will not be automatically applied as before, the relief will be application based to ensure it is only granted to those businesses who require it. We await further information regarding the application process and criteria. Scottish Ministers have urged the UK Government to provide certainty over the continuation of its equivalent relief in England next

year and should the UK Government extend this relief beyond 30 June 2021 the Scottish Ministers are committed to matching the extension period as part of a tailored package of business support measures.

FRESH START RELIEF

The upper threshold in order to qualify for this relief will be increased from £65,000 to £95,000 to match the Higher Property Rate threshold. This relief encourages the use of empty property by offering 100% relief for up to twelve months to properties that have been empty for six months or more.

BUSINESS GROWTH ACCELERATOR (BGA)

Change of use – the extent of this relief will be expanded to property improvements where there has been a concurrent change of use to incentivise the re-use of existing assets. This new option of relief will be in addition to the operation of the existing regulations.

Unoccupied new builds – such properties will be able to claim BGA relief for up to three years which will provide certainty to investors and developers and ensuring that the NDR system encourages the use of newly built properties.

SMALL BUSINESS BONUS SCHEME

This relief will continue unaffected, however will be reviewed annually.

INDEPENDENT SCHOOLS

Charitable rates relief will be removed from mainstream independent schools on 1 April 2021 under the Non-Domestic Rates (Scotland) Act 2020.

Transitional Relief which caps annual rates bill increases at 12.5% for Aberdeen City and Aberdeenshire offices and for all but the very



largest hospitality properties across Scotland will continue unaffected, however will be reviewed annually. Day Nursery Relief will continue to attract 100% rates relief to at least 30 June 2023.

SCOTTISH ASSESSORS

New information gathering powers and associated civil penalties

The Scottish Assessors now have the increased powers to obtain property information to assist with their statutory function of valuing non-domestic property. Non-compliance will result in the imposition of extensive financial penalties.

If you require any further advice on these changes, please feel free to talk to any of our team.

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