Business Rates Newsletter

December 2021

Welcome to our December Newsletter which concentrates on the business rates issues outlined within the Scottish Budget 2022/23 announced Thursday 9th December. We will provide further comment once any relevant Statutory Instrument is issued.

We wish all our clients an enjoyable and healthy festive period and all the best for 2022!

Rate Poundage

The main tax rate is the poundage, which is a pence in the pound tax rate set by Scottish

Ministers applied to the rateable value . The Basic Property Rate ('poundage') for 2022/23 will be 49.8 pence.

Two additional rates are levied on properties with rateable value over £51,000 and over £95,000, respectively.

The Scottish Budget 2022-23 confirms:

- the Intermediate Property Rate at 51.1p (the poundage plus 1.3p), which will be charged on properties with a rateable value (RV) of between £51,001 and £95,000; and
- the Higher Property Rate at 52.4p (the poundage plus 2.6p), which is charged on properties with a RV above £95,000

Vacant Rates Relief

The relief is currently 100% for six months for industrial property, then reverts to 10%. On other commercial property it is 50% for three months then 10% thereafter. The relief is unchanged.

To level the playing field for all non-domestic properties, the Government is to lay legislation to help local authorities tackle a known avoidance tactic on empty non-domestic properties. This policy will provide local authorities with the discretion, in prescribed circumstances, to restrict the awarding of 100% empty property rates relief where the occupier has entered insolvency, compulsorily (by the court) or voluntarily. This will deliver greater fiscal empowerment for councils in advance of the devolution of empty property relief in April 2023. We will review the legislation when available.

Covid Relief

In 2021-22 the Scottish Government maintained 100% Retail, Hospitality, Leisure and

Aviation relief for the entire year. This is forecast to save businesses in these sectors £712 million in 2021-22.

The Scottish Budget will continue this relief for properties in the retail, hospitality and leisure sectors, at 50% relief for the first three months of 2022-23, capped at £27,500 **per ratepayer**.

This is disappointing as in England the relief is more extensive, the Budget on 27 October 2021:

For 2022/23 the Chancellor set out:

- A new relief for eligible retail, hospitality and leisure properties with 50% relief on rates bills up to £110,000 per business for the year
- A freezing of the multipliers at 49.9p (small business multiplier) and 51.2p (standard multiplier)

Other Rates Relief

All the other existing non-COVID-19 NDR reliefs will be maintained in 2022-23 apart from the 80% Charitable Relief applied to private schools which is to be removed.

Council Tax

In 2021-22, acknowledging the impact of the pandemic on households, the Scottish Government secured local government's agreement to freeze Council Tax at 2020-21 rates. For 2022-23, councils will have complete flexibility to set the Council Tax rate that is appropriate for their local authority area.

Any Questions?

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