

Business Rates Overview

The Community Empowerment (Scotland) Act 2015 allows a Local Authority, in accordance with a scheme made by it, to reduce or remit any rates leviable by it by reference to;

- Such categories of lands and heritages as may be specified in the scheme,
- Such areas as may so be specified,
- Such activities as may be so specified
- Such other matters as may be so specified.

Any reductions must be fully funded by the Local Authority therefore any scheme created to reduce or remit rates must have regard to the authority's expenditure and income and the interests of persons liable to pay council tax set by the authority.

It should also be noted that any such relief may be considered to be state aid and, if so, will be subject to the maximum total award of all state aid received of €200,000 sterling equivalent in a three year rolling period.

The creation of any scheme must be set in the context of rates relief measures already in place, and should therefore be seen as a measure of additional support.

The support provided to ratepayers through current business rates relief measures is detailed below;

Small Business Bonus

Non-Domestic subjects with a Rateable Value of £18,000 or less, may be entitled to a rates reduction. The level of relief is based on the combined total Rateable Value of all subjects within Scotland where the organisation/individual is in rateable occupation or (if empty and unoccupied) entitled to occupy. The level of relief is also dependent on entitlement to any other type of rates relief and receipt of any other type of public sector assistance (e.g. grant, funding support).

The current level of relief which may be awarded is set out below:

Combined Rateable Value of all business subjects in Scotland	Percentage of relief (subject to eligibility)
Up to £10,000	100%
£10,001 to £12,000	50%
£12,001 to £18,000	25%
£18,001 up to £35,000	25% for each property RV of £18,000 or less

This is the most widely known and common method of accessing rates relief.

In Perth and Kinross, approximately 65% of those premises within the qualifying threshold receive support through this scheme.

In most cases, the remainder do not qualify due to the cumulative rateable value criteria, i.e. one business with multiple properties.

Fresh Start

A newly occupied shop, office premises, hotel, public house or restaurant with a rateable value of £65,000 and under, which had previously been empty for 12 months or more, and had been in receipt of empty property relief or exemption, may be entitled to 50% rates relief for a period of up to 12 months.

The scheme is not available to any premises where any form of payday lending take place.

This relief cannot be combined with any other form of relief therefore, in many cases, the Small Business Bonus Scheme, may be used to give a higher relief entitlement.

There have only been eleven awards of this relief since its introduction in April 2013 suggesting little relocation from small to larger previously vacant premises.

New Start

Relief is offered to newly built properties which are empty for a maximum period of 15 months. This period does not have to run continuously.

There has been no take-up of this relief in Perth & Kinross since its introduction in April 2013.

Empty Property Relief

With effect from 1 April 2016, 50% relief from rates may be awarded for a maximum of 3 months. Beyond this initial period relief of 10% is awarded.

It should be noted that this replaced the 3 month 100% relief which was in place prior to 1 April 2016.

An unoccupied industrial building with no retail element can be awarded 100% relief for a maximum of 6 months. Where industrial buildings remain empty for longer than 6 months the relief reduces to 10%

Categories of empty properties that may be eligible for 100% relief, without time limit, are shown below:

- Listed Buildings
- Properties with an RV of less than £1700
- Properties where the person entitled to possession is a trustee for sequestration, liquidation or executors.
- Properties where the Company has been wound up under the Insolvency Act
- Properties prohibited by law to occupy
- Properties under compulsory purchase order.
- Premises used for religious worship

Relief for Charities, Sports Clubs and Non-Profit Organisations

Charities

80% Mandatory rates relief can be awarded where a property is occupied by a charity or a trustee of a charity and is used wholly or mainly for charitable purposes. A charity is defined as a body entered in the Scottish Charity Register.

The definition of charitable purposes is:

- relief of poverty
- advancement of religion
- advancement of education
- other purpose beneficial to the community

The Council may award a further 20% discretionary relief “top-up”.

Charity Shops can receive 80% mandatory relief (but not any discretionary relief) if they are wholly or mainly used for the sale of goods donated to the charity and the proceeds of the sale of goods are used for the purposes of the charity.

Sports Clubs

80% mandatory relief may be awarded to organisations that are registered with HRMC as a Community Amateur Sports Club. Where the premises are unlicensed a further 20% discretionary relief may also be considered.

Non-Profit Organisations

Discretionary relief of up to 100% may be considered where a non-profit organisation is not a registered charity or sports club, and meets the following criteria. An organisation not established or conducted for profit whose main objective is charitable, or whose main aims are educational, religious, improving social welfare, concerned with science/literature/fine arts or recreation.

Disabled Relief

Relief of up to 100% is available to establishments 50% or more of the premises of which is used exclusively for one of the following:

- residential accommodation for care or aftercare of those suffering from illness
- training or activities for people suffering/who have suffered illness or are disabled
- provision of welfare services for disabled people.

Care does not include medical, surgical or dental treatment.

Rural Rates Relief

Relief from Rates is available to a variety of properties within a designated Rural Settlement Area with a population of less than 3,000.

50% Mandatory relief may be awarded to Post Offices, General Stores and Food Stores where they are the only such business within the designated rural settlement area and they have a rateable value of £8,500 or less

50% Mandatory relief may also be awarded for Hotels, Public Houses and Filling Stations where they are the only such business within the designated rural settlement area and they have a rateable value of £12,750 or less

A further condition is that the ratepayer cannot be the ratepayer of any other such property within Scotland

Relief for other Rural Businesses

Discretionary rates relief of up to 100% can also be awarded to any business within a Rural Settlement Area where;

- They are deemed to be of a benefit to the local community.
- The rateable value is £17,000 or under.
- It is reasonable to make the award, giving regard to the Council tax payers.

Examples include;

- 50% relief for food stores, general stores and post offices either as a "top-up" to mandatory relief or where the rateable value prevents mandatory relief being awarded.
- 100% relief for village schools
- 100% relief for public conveniences
- 50% relief for chemists and pharmacies

This list is not exhaustive and an application will be considered from any business within a defined Rural Settlement Area

Hardship Relief

Relief of up to 100% may be awarded if;

- A person would sustain hardship if the authority did not do so
- It is reasonable for the authority to do so, having regard to the interest of persons liable to pay council tax set by them

Due to difficulties in defining and/or evidencing hardship this relief is rarely used and, for Perth & Kinross, has not been awarded since the Foot and Mouth outbreak of 2001.

The above rates relief measures may be applicable to properties within the scope of this report and should be considered before any additional relief, through schemes introduced under the Community Empowerment Act 2015, is considered.

Other forms of relief, which have no direct bearing on properties within the scope of this report, are specific relief for;

- Renewable Energy Generation
- Enterprise Areas
- Stud Farms
- Steel Sites
- Mobile Masts

There will be a Non-Domestic Rates revaluation taking effect from 01 April 2017 with Rateable Values being set using rental evidence from 2015. The last such revaluation was carried out in 2010 meaning that current rateable values have been set using information from 2008.

The purpose of the revaluation is to redistribute the rates burden to reflect changes in market conditions. It is anticipated that this will see a rateable value reduction for properties in the city or town centre retail sector.

However it should be noted that there may be a rise in the rate poundage and the potential ending or changes to certain relief types and qualifying criteria, such as rateable value thresholds, may mean that the reduction in amounts payable may not be as significantly reduced as hoped.

There is also the potential for a transitional relief scheme to be introduced and this may restrict or phase in any reductions in rates liability.

