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REFORMS TO NON-DOMESTIC RATING SYSTEM: The Barclay Review of Non-Domestic Rates and the Non-Domestic Rates (Scotland) Act 2020

Dear Proprietor/Tenant/Occupier,

As a proprietor, tenant or occupier of a non-domestic property, your property will be liable for non-domestic rates (sometimes described as business rates), unless it qualifies for an exemption or relief (for example, the Small Business Bonus Scheme). Non-domestic rates are administered and collected by councils.

In response to concerns associated with the non-domestic rates system in Scotland, the First Minister of Scotland established an independent review group (the Barclay Review) in 2016 to consider how the rates system could better support business growth and long-term investment, and reflect changing market places.

The Scottish Government accepted the majority of the recommendations of the Barclay Review of Non-Domestic Rates and the Non-Domestic Rates (Scotland) Act 2020 was passed by the Parliament on 5 February 2020.

This letter highlights some of the relevant reforms of the Act and other key changes to the non-domestic rates system that will come into effect before the next revaluation date.

THESE REFORMS ARE NOT RELATED TO COVID-19 BUT WILL HAVE SIGNIFICANT IMPLICATIONS FOR THE NON-DOMESTIC RATES SYSTEM AND ALL RATEPAYERS (INCLUDING PROPRIETORS OF NON-DOMESTIC PROPERTIES) ARE ENCOURAGED TO FAMILIARISE THEMSELVES WITH THE CHANGES OUTLINED IN THIS LETTER.

Ben Macpherson MSP
Minister for Public Finance and Migration

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Q&A ON REFORMS TO NON-DOMESTIC RATING SYSTEM

How will the reforms improve the non-domestic rates system?

Revaluations will be carried out more frequently - every three years (instead of five) from the next revaluation. This will help ensure that rateable values of properties will be much more closely aligned to current market values, thereby reducing volatility in rateable values and making the system more flexible to changing economic circumstances.

A standardised bill has been introduced by councils to improve clarity and consistency across Scotland.

Councils are processing refunds to ratepayers for overpayment of rates more quickly.

Assessors are moving towards greater transparency across the country, including improvements to the www.saa.gov.uk website.

Assessors will be required to provide more and clearer information to ratepayers on how a property's rateable value has been calculated from the next revaluation.

What am I legally required to do?

Valuation

Assessors require accurate information to carry out property valuations. You will be legally required to provide the information that is requested of you within 28 days. Failure to respond within that period may result in a civil penalty and continued failure to respond may result in an increased penalty. Failure to respond within 84 days may see you becoming liable for a penalty equivalent to 71% of the rateable value of the property.

Assessors may request information from a proprietor, tenant or occupier of a property as well as any other relevant person. **If you receive a request for information from an Assessor and do not hold the information requested, please contact the Assessor immediately.**

Billing

From 1 April 2021:

- Councils may request information from a proprietor, tenant or occupier. You must respond to this request within 21 days. Failure to do so will result in a civil penalty of up to £370;
- You must notify your Council of a change in occupier of a property within 42 days. Failure to do so will also result in a civil penalty of up to £370 from 1 April 2021; and
- Councils will be able to initiate debt recovery as soon as payment of any instalment is missed.

How is the appeals system changing?

From 1 April 2022, a new two-stage appeals system will be introduced to encourage earlier resolution of any disagreement between the Assessor and the proprietor, tenant or occupier without the need to use the formal appeals process. The reforms are also intended to speed up access to justice for those properties that continue to require an appeal hearing.

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For the next revaluation, Assessors will be required to provide more and clearer information to proprietors, tenants and occupiers on how a property's rateable value has been calculated. It is hoped that this clarity will reduce reliance on the formal appeals system to understand how a property has been valued.

Self-catering accommodation

In order to be classed as a non-domestic property and liable for non-domestic rates instead of Council Tax, from 2021-22 onwards a self-catering property will be required to provide evidence of 70 days of actual letting as well as 140 days of intention to let. Councils will have some discretion to change that criteria in exceptional circumstances.

Where can I find further information?

You can approach your Council or Assessor with any questions you may have in relation to the reforms delivered by the Barclay Review or the Non-Domestic Rates (Scotland) Act 2020.

To learn more about the non-domestic rates system, including the revaluation and appeals process, please visit: <https://www.mygov.scot/non-domestic-rates-guidance/>.

The Scottish Government announced in the Programme for Government 2020 that it would make legislation to amend the next non-domestic revaluation date from 1 April 2022 to 1 April 2023. This is the date at which all non-domestic properties are reviewed.

For a timeline of all non-domestic rates reforms and key dates, please visit the following link: <https://www.gov.scot/publications/non-domestic-business-rates-roadmap/>.

This letter is available at the following link, <https://www.gov.scot/publications/non-domestic-rating-system-reforms-letter-to-ratepayers-from-the-minister-for-public-finance-and-migration/>.

If you require this letter to be translated into another language, you may request this at the link above, or e-mail your request directly to NDR@gov.scot.