

Business Rates 2024 to 2025 General Information Leaflet

1. What is Revaluation?

On 1 April 2023 all non-domestic (business) properties in Scotland were given new rateable values. This is referred to as Revaluation and the last one took place in 2017. The new valuation, provided by the Assessor, is used by the Council to calculate your business rates bill.

1.1 Rateable Values

The Scottish Assessor, who is independent of both local and central government, determines the rateable value of every business property in Scotland and sets this out in a Valuation Notice.

Valuations and practice notes on methods of valuation are available on the Scottish Assessors website at <https://www.saa.gov.uk/>. The website also provides a search facility to find your rateable value, as well as searching the rateable value of any other property in Scotland.

If you consider the rateable value of your property to be wrong you have a right to appeal and you should contact the Assessor, 8 Broad Street, Kirkwall, Orkney, KW15 1NX. Telephone 01856876222, email assessor@orkney.gov.uk or find more information on rating appeals at <https://www.saa.gov.uk/>. You must continue to pay the rates bill even if you have lodged an appeal.

2. How is the rates bill calculated

To calculate your rates bill you have to multiply your rateable value by a “pence in the pound rate”, which is known as the poundage. This rate is set by the Scottish Government and, from 1 April 2024 to 31 March 2025, is 49.8 pence in the pound. For example, if your rateable value is £10,000 multiply this by 49.8 pence to obtain an amount payable of £4,980 for the year.

Ratepayers who occupy a business property with a rateable value above £51,000 will pay a supplement on the poundage rate of 4.7 pence. For example, if your rateable value is £60,000 multiply this by 54.5 pence to obtain an amount payable of £30,660 for the year.

The supplement on the poundage rate is 6.1 pence where the property value exceeds £100,000.

3. Discounts on your bill

There are a number of business rate reliefs (discounts) available, and we can only explain them briefly in the following paragraphs. More information is available on the Council's website at <http://www.orkney.gov.uk/> and follow the links to business rates. In general, if you are currently receiving relief you do not need to reapply, but if you are in any doubt please contact the Council.

3.1 General Revaluation Transitional Relief

This relief looks at the gross amount of rates payable on a property at 31 March 2023 and the gross post-revaluation amount payable on 1 April 2023 and will limit increases in the following way:

- for properties with a post-revaluation rateable value of up to £20,000, the increase in the amount payable in 2024-25 will be limited to 25.0% more than 2022-23
- for properties with a post-revaluation rateable value from £20,001 to £100,000, the increase in the amount payable in 2024-25 will be limited to 50% more than 2022-23
- for properties with a post-revaluation rateable value of over £100,000, the increase in the amount payable in 2024-25 will be limited to 75% more than 2022-23

3.2. The Small Business Bonus Scheme

The scheme is available for businesses that have properties with a combined rateable value in Scotland of £35,000 or less.

If you think you are eligible for this relief and do not currently receive it, you must apply to the Council. The relief available is:

- Combined Rateable Value of all business properties in Scotland up to £12,000 – relief available of 100 per cent.
- Combined Rateable Value of all business properties in Scotland between £12,001 and £20,000 – relief available of 25 per cent.
- A business with two or more properties with a combined rateable value of up to £35,000 will also qualify for relief of 25 per cent on an individual property with a rateable value of £20,000 or less.

From 1 April 2020, the scheme changed and relief is no longer available to properties which are unoccupied. From 1 April 2023, the scheme changed and relief is no longer available to car parks, car spaces, advertisements and betting Shops.

3.2.1. Small Business Transitional Relief

A Small Business Transitional Relief will be introduced for those losing or seeing a reduction in Small Business Bonus Scheme relief or Rural Rates Relief (including due to SBBS exclusions) on 1 April 2023, to ensure that properties that lose SBBS relief eligibility do so in a phased manner. The maximum increase in the rates liability relative to 31 March 2023 was capped at £600 in 2023-24, rising to £1,200 in 2024-25 and £1,800 in 2025-26.

3.3. Charities relief

If your organisation is a registered charity listed on the register maintained by the Office of the Scottish Charity Regulator, or the Council determines that a property occupied by your organisation is used “wholly or mainly for charitable purposes”, you may be entitled to 100 percent rates relief.

3.4. Recreational or Sports Clubs relief

Relief of up to 100 per cent may be available for properties occupied for the purposes of a club, society or other organisation not established or conducted for profit, which is mainly used for the purposes of sport or recreation.

3.5. The Rural Rate Relief Scheme

This scheme is sometimes also referred to as the Village Shop relief scheme.

3.5.1. Mandatory Relief of 100 per cent

- If the business is a general store, post office or small food shop with a rateable value of £8,500 or less, and it is the only such business within a specified rural settlement.
- If the business is a public house/hotel with a rateable value of £12,750 or less, and it is the only such business within a specified rural settlement and the ratepayer does not pay rates on any other such business in Scotland.
- If the business is a Petrol Filling Station and the rateable value is £12,750 or less and the ratepayer does not pay rates on any other Petrol Filling Station in Scotland.

3.5.2. Discretionary Relief of up to 100 per cent

Relief of 100 per cent is also available for properties with a rateable value of £17,000 or less that are not eligible for mandatory relief - for example, because the rateable value is too high, or it is not the only such business in the specified rural settlement.

3.6. Empty Property Rate Relief Scheme

Relief of 50 per cent is available to properties which are empty for the first 3 months, followed by relief of 10 per cent thereafter. Industrial properties that are empty may be entitled to 100 per cent relief for the first 6 months followed by relief of 10 per cent thereafter.

Some properties such as listed buildings, ancient monuments or those with a rateable value of less than £1,700 pay no rates when empty.

From 1 April 2023 the National Scheme ended, however Orkney Islands Council have continued the existing scheme arrangements. With a cap being introduced of £10,000 for ratepayers each financial year.

3.7. Fresh Start Relief

From 1 April 2018, relief of 100 per cent is available for the first 12 months where a property has previously received empty property rates relief for 6 months and has a rateable value of under £100,000.

3.8. Renewable Energy

Relief of up to 100 per cent is available for properties solely used for renewable energy production. The rateable value of the property must be £145,000 or less and the property is used for a project which gives to a community organisation(s), in return for investment in the project by that organisation, entitlement to a sum equivalent to at least 15 per cent of the annual profit of the project, or so much of the annual profit as is attributable to 0.5 megawatt of the total installed capacity of the project (or more). For properties where the rateable value is between £145,001 to £4 million the relief will vary from 50% to 10%. For properties where the rateable value is over £4 million the relief is 2.5%

3.9. Enterprise Areas

Businesses setting up or relocating to an Enterprise Area site and doing work in certain sectors may qualify for up to 66.7 per cent relief for 2024-25. One of the four defined Enterprise Areas in Scotland is the Low Carbon/Renewable North Enterprise Area that covers designated areas in Hatston, Kirkwall and Lyness, Hoy. Rates Relief of up to 66.7 per cent is available for properties that are used for the design, fabrication, manufacture and assembly of components required for the generation of renewable energy.

3.10. New and Improved Properties

If your property is a new build and entered onto the Valuation Roll on or after 1 April 2018, you will not have to pay business rates until 12 months after the property is occupied. Relief will not apply where the property is a new entry on the Valuation Roll for rates but was previously shown as an entry in the Council Tax Valuation List. If you have to expand or make improvements to your property the business rates you are charged will not change for 12 months. They will continue to be based on your old rateable value for this period of time.

3.11. Churches, Chapels, etc.

Relief of 100 per cent is available for properties that are held by a religious body and used wholly or mainly for purposes connected with that body, and no profit is derived from the use of the premises for any other purpose.

4. Shooting Rights

From 1 April 2017 Shooting Rights became liable for Non-Domestic Rates. However, the vast majority of ratepayers are eligible to apply for rates relief under the existing Small Business Bonus Scheme.

5. Hospitality Relief

On the 19 December 2023, The Scottish Government announced in the Budget that they were introducing an Islands and remote Areas Hospitality relief for the financial year 2024/25

A letter and application form has been sent to each Hospitality Business that we hold on our records.

Up to 100% relief may be applied capped at a maximum amount by which the liability of any person to pay rates may be reduced to £110,000.

The Qualifying classes of Hospitality are:

- Class 1 Bed and Breakfast accommodation
- Class 2 Camping site
- Class 3 Caravan
- Class 4 Caravan Site
- Class 5 Chalet, Holiday Hut or Bothy
- Class 6 Guest House, Hotel or Hostel
- Class 7 Public House
- Class 8 Restaurant
- Class 9 Self-catering holiday accommodation

6. The Barclay Review of Non-Domestic Rates

The Barclay Review of Non-Domestic Rates was published in August 2017. The Scottish Government has published an implementation plan that sets out further details on how they will take forward the Barclay recommendations. More information can be accessed at the following Scottish Government website <https://www.gov.scot/policies/local-government/nondomestic-rates/>.

7. Finding out more

If you have a query about your business rates bill or think you may be entitled to rates relief you should contact the Council at the Revenues Section, Council Offices, Kirkwall, Orkney KW15 1NY. Enquiries, Monday to Friday 09:00 and 17:00.

Telephone: 01856873535 Extension 2133.

Telephone: 01856886322 (direct dial).

Email: revenues@orkney.gov.uk

Orkney Islands Council website: www.orkney.gov.uk/

Scottish Assessors' website: www.saa.gov.uk/

Scottish Government website: www.mygov.scot/business/business-premises-rates/

8. Privacy

To find out more about how we use your information, see the Non-Domestic Rates Privacy Notice on our website, at www.orkney.gov.uk/Service-Directory/B/business-ratespriv