

# Non-Domestic Rates Transitional Relief - Information Leaflet.



## 1. Rates Revaluation

From 1 April 2017 all non-domestic (business) properties in Scotland were given new rateable values, referred to as the rates revaluation.

The Scottish Government recognised that some business sectors had experienced significant rates increases and initially introduced a Transitional Relief scheme for one year (2017 to 2018) to cap the increases at 14.75 per cent of the 2016 to 2017 charge.

The scheme was extended to 2018 to 2019 to limit the increase to 32.9 per cent of the 2016 to 2017 charge.

A further extension to the scheme will apply to 2019 to 2020, limiting the increase to 52.7 per cent of the 2016 to 2017 charge.

If you wish to apply for transitional relief the scheme is application based and you should request an application form from the Council (also available on the Council's website) and return it to the Council. If you have more than one property on which you wish to claim relief you should complete a separate form for each property.

## 2. Eligibility

### 2.1.

To qualify for transitional relief the property must be occupied and fall within one of the following classes of property:

- Class 1 - Bed & Breakfast accommodation.
- Class 2 - Camping Site.
- Class 3 - Caravan.
- Class 4 - Caravan Site.
- Class 5 - Chalet and holiday hut.
- Class 6 - Guest house, hotel and hostels (where no significant element of care is provided).
- Class 7 - Public House or nightclub where the following conditions are satisfied.
  - a premises licence authorising the sale of alcohol for consumption both on and off the premises, has been issued by a licensing board under section 26 of the Licensing (Scotland) Act 2005.
  - the premises are used for such sales to members of the public, principally for consumption on the premises, in accordance with the operating plan contained in the premises licence; and

- the operating plan contained in the premises licence does not include any provision that such sales are made subject to those members of the public residing at, or consuming food on, the premises.
- Class 8 - Restaurant.
  - Use for the sale of food or refreshments to members of the public for consumption on those premises, including any café, coffee shop, bistro, fast food restaurant or snack bar that is so used.
- Class 10 - Self-catering holiday accommodation.
- Class 11 - Timeshare accommodation.

## **2.2.**

A property must on the day in question be wholly or mainly used for the purpose (or purposes) specified in the preceding paragraph and must also have been so used as at 31st March 2016 (or, if unoccupied on that date, so used when last occupied).

Accordingly, a property that is not in use (unoccupied) at a particular time is not eligible for relief at that time. However, a previously unoccupied property can be eligible once occupied.

Hospitality properties must have a rateable value under £1,500,000 to qualify.

A property can continue to be eligible for relief upon a change of ratepayer, provided the required application has been made.

## **3. Transitional limit**

### **3.1. Limit for 2017 to 2018**

The rates bill for 2017 to 2018, after transitional relief has been applied, will be limited to an increase of no more than 14.75 per cent from the rates charged in 2016 to 2017.

### **3.2. Limit for 2018 to 2019**

The rates bill for 2018 to 2019, after transitional relief has been applied, will be limited to an increase of no more than 32.9 per cent from the rates charged in 2016 to 2017.

### **3.3. Limit for 2019 to 2020**

The rates bill for 2019 to 2020, after transitional relief has been applied, will be limited to an increase of no more than 52.7 per cent from the rates charged in 2016 to 2017.

## **4. Interaction with other rates reliefs**

Other mandatory reliefs (under other legislation) are applicable to the transitional limit where the latter has effect.

## 5. Former full relief properties

In 2017 to 2018, irrespective of whether the transitional limit had effect, or whether other reliefs also had effect, an eligible property which had a rateable value of no more than £10,000 on 31 March 2017, and received 100 per cent rates relief for that day, was eligible to receive 50 per cent relief for 2017 to 2018.

This relief does not apply from 2018 to 2019 and the full rates will be charged, subject to any other reliefs that might apply.

## 6. Application form

Transitional Relief is an application based relief and can only be awarded insofar as is compatible with European Commission State aid rules, and specifically the 'de minimis' regulation.

Further information on State aid is available on the Scottish Government's website at the following weblink <http://www.gov.scot/Topics/Government/State-Aid>.

## 7. Worked examples

Examples on how to calculate Transitional Relief are provided at Annex 1 of this document.

## 8. Legislation

- The Non-Domestic Rates (Transitional Relief) (Scotland) Regulations 2017.
- The Non-Domestic Rates (Transitional Relief) Amendment (Scotland) Regulations 2018.
- The Non-Domestic Rates (Transitional Relief) (Scotland) Amendment Regulations 2019.

## 9. 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 between 09.00 and 17.00.

Telephone: 01856 873535 Extension 2133.

Telephone: 01856 886322 (direct dial).

Email: [revenues@orkney.gov.uk](mailto:revenues@orkney.gov.uk).

Orkney Islands Council website: <http://www.orkney.gov.uk/>

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## **Annex 1**

### **Example 1**

Rateable Value in 2016 to 2017 of £20,000. The gross rates bill for 2016 to 2017 would be £9,680 (£20,000 multiplied by 48.4 pence).

Rateable Value in 2017 to 2018 of £22,000. The gross rates bill is £10,252 (£22,000 multiplied by 46.6 pence). The transitional limit is £11,108 (£9,680 multiplied by 1.1475), which is greater than the rates bill of £10,252 and no transitional relief is awarded.

### **Example 2**

Rateable Value in 2016 to 2017 of £20,000. The gross rates bill for 2016 to 2017 would be £9,680 (£20,000 multiplied by 48.4 pence).

Rateable Value in 2017 to 2018 is £30,000. The gross rates bill is £13,980 (£30,000 multiplied by 46.6 pence). The transitional limit is £11,108 (£9,680 multiplied by 1.1475), which is less than the rates bill of £13,980 and transitional relief reduces the bill to £11,108.

Rateable Value in 2018 to 2019 is £30,000. The gross rates bill is £14,400 (£30,000 multiplied by 48.0 pence). The transitional limit is £12,865 (£9,680 multiplied by 1.329), which is less than £14,400 and transitional relief reduces the bill to £12,865.

Rateable Value in 2019 to 2020 is £30,000. The gross rates bill is £14,700 (£30,000 multiplied by 49.0 pence). The transitional limit is £14,781 (£9,680 multiplied by 1.527), which is greater than the rates bill of £14,700 and no transitional relief is awarded.

### **Example 3**

Rateable Value in 2016 to 2017 of £40,000. The gross rates bill for 2016 to 2017 would be £20,400 (£40,000 multiplied by 51.0 pence).

Rateable Value in 2017 to 2018 is £55,000. The gross rates bill is £27,060 (£55,000 multiplied by 49.2 pence). The transitional limit is £23,409 (£20,400 multiplied by 1.1475), which is less than the rates bill of £27,060 and transitional relief reduces the bill to £23,409.

Rateable Value in 2018 to 2019 is £55,000. The gross rates bill is £27,830 (£55,000 multiplied by 50.6 pence). The transitional limit is £27,112 (£20,400 multiplied by 1.329), which is less than £27,830 and transitional relief reduces the bill to £27,112.

Rateable Value in 2019 to 2020 is £55,000. The gross rates bill is £28,380 (£55,000 multiplied by 51.6 pence). The transitional limit is £31,151 (£20,400 multiplied by 1.527), which is greater than the rates bill of £28,380 and no transitional relief is awarded.

## Example 4

Rateable Value in 2016 to 2017 of £10,000. The gross rates bill for 2016 to 2017 would be £4,840 (£10,000 multiplied by 48.4 pence).

Rateable Value in 2017 to 2018 is £20,000. The gross rates bill is £9,320 (£20,000 multiplied by 46.6 pence). The transitional limit is £5,554 (£4,840 multiplied by 1.1475), which is less than the rates bill of £9,320 and transitional relief reduces the bill to £5,554.

Rateable Value in 2018 to 2019 is £20,000. The gross rates bill is £9,600 (£20,000 multiplied by 48.0 pence). The transitional limit is £6,432 (£4,840 multiplied by 1.329), which is less than £9,600 and transitional relief reduces the bill to £6,432.

Rateable Value in 2019 to 2020 is £20,000. The gross rates bill is £9,800 (£20,000 multiplied by 49.0 pence). The transitional limit is £7,391 (£4,840 multiplied by 1.527), which is less than £9,800 and transitional relief reduces the bill to £7,391.