



Business Rates and the 2023 Revaluation

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What are business rates?

Business rates, also called non-domestic rates, are a tax levied on non-domestic properties. Most non-domestic properties are liable for business rates, in a similar way to households paying council tax. The revenue raised is used as part of the funding for local services and is collected by Scottish councils.

Business rates are calculated by multiplying the rateable value of your non-domestic property (which is roughly based on your premises' notional annual rent, but can be higher or lower than your rent in practice) by the poundage rate (or multiplier) set annually by the Scottish Government.

You can use the Scottish Government's calculator to estimate your business rates bill [here](#). The calculator is accurate for the financial year in which you use it, i.e. it will reflect 2023-24 from 1 April 2023.

The 2023-24 Non-Domestic Rate poundage rate is set at 49.8p. There are additional supplements applying to business premises with rateable values over £51,000 and £100,000 giving an Intermediate Property Rate of 51.1p and Higher Property Rate of 52.4p respectively.

Usually, the poundage increases each year by the rate of inflation to ensure that the same amount of money (in real terms) is collected each year. The Scottish Government confirmed the rate would be frozen for 2023-24 given ongoing economic challenges.

You can check your current and historic rateable values, as well as draft values in advance of revaluations on the [Scottish Assessors' Association website](#).

Further help with non-domestic rates is available [here](#).

Non-domestic rates relief

Many properties receive 100% or partial rates relief, for instance through the [Small Business Bonus Scheme](#) (SBBS). Other potential reasons for relief include if your property is in a rural area, is used for charitable or religious purposes, or has been empty and has been recently reoccupied.

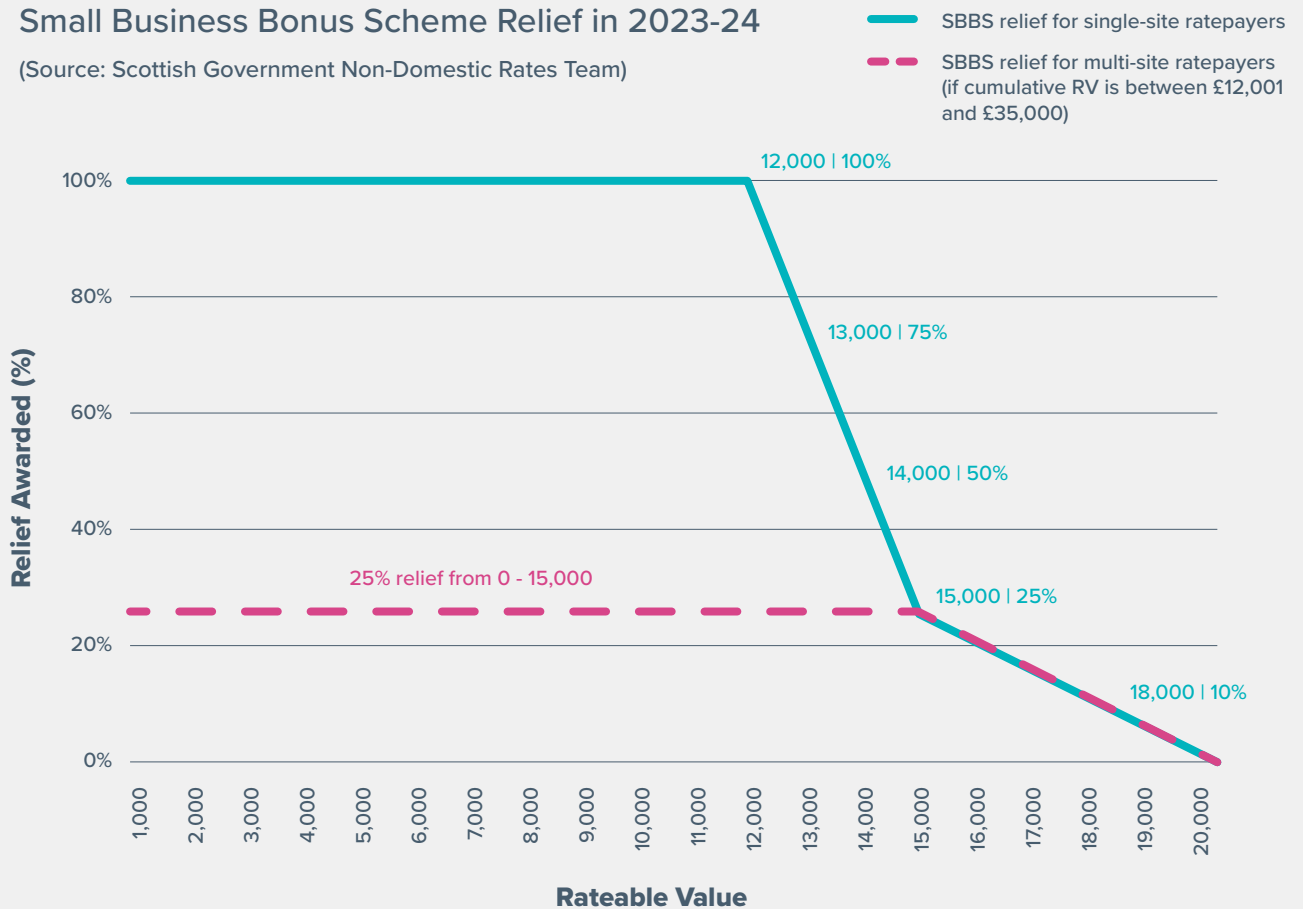
More information about non-domestic rates reliefs is available [here](#).

In its Budget for 2023-24, the Scottish Government set out its intention to “reform and extend eligibility for the Small Business Bonus Scheme (SBBS)”. In practice, this will mean the threshold for 100% relief is reduced from £15,000 to £12,000, and the upper rateable value for individual properties to qualify for SBBS relief will be extended from £18,000 to £20,000.

SBBS relief will taper from 100% to 25% for properties with rateable values between £12,001 to £15,000; and from 25% to 0% for properties with rateable values between £15,001 to £20,000.

Small Business Bonus Scheme Relief in 2023-24

(Source: Scottish Government Non-Domestic Rates Team)





Cumulative rules will remain in place including the £35,000 cumulative rateable value threshold.

What this means is that where a ratepayer is liable to pay rates for multiple properties in the valuation roll and where the cumulative rateable value of those properties is between £12,001 and £35,000, then relief of 25% is available on each individual property with a rateable value of £15,000 or less. Relief tapers from 25% to 0% for individual properties with rateable values between £15,001 and £20,000.

Car parks, car spaces, payday lending businesses, advertisements and betting shops will be excluded from eligibility for SBBS from 1 April 2023.

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

2023 Revaluation

2023 will also see a revaluation of business rates. These will occur every three years when Scotland’s assessors conduct a revaluation exercise to determine the rateable value of all public and private non-domestic properties.

The 2023 revaluation is the first to take place since the [Barclay Review](#) into tax rates for non-domestic properties, which made several recommendations for rates system reform. The Scottish Government accepted the majority of these recommendations and as a result, revaluations are now being carried out more frequently (every three years instead of every five). The 2023 revaluation takes account of the one-year tone (valuation) date (1 April 2022) recommended by the Barclay Review.

A Revaluation Transitional Relief will be introduced to cap increases in rates liabilities due to revaluation. The caps (in cash terms) in 2023-24 will be 12.5% for small properties, 25% for medium-sized properties and 37.5% for large properties, rising in subsequent years.

Year-on-year Scottish 2023 Revaluation Transitional Relief caps (%)
(Source: Scottish Government Budget 2023-24)

Rateable Value	2023-24	2024-25	2025-26
Small (up to £20,000)	12.5	25	37.5
Medium (£20,001 to £100,000)	25	50	75
Large (Over £100,000)	37.5	75	112.5

The following changes are also being introduced as of 1 April 2023:

- Prescribed plant and machinery used for onsite renewable energy generation and storage will be exempt from rating from 1 April 2023 to 31 March 2035.
- Properties in receipt of Business Growth Accelerator relief on 31 March 2023 will continue to be eligible for an equivalent percentage of relief on the new rateable value for the remaining duration of the relief.
- Properties in receipt of Fresh Start relief on 31 March 2023 will continue to receive relief for the remaining duration of the relief, regardless of whether the new rateable value is above the qualifying threshold. From 1 April 2023, the rateable value to which properties qualify for Fresh Start relief will increase from £95,000 to £100,000.
- Enterprise Areas relief will be extended by one year to 31 March 2024.
- Empty Property Relief will be devolved to local authorities on 1 April 2023 with a concurrent transfer to local government.

How will you be affected by the revaluation?

Rateable values have now been published on the [Scottish Assessors' Association website](#) and you should have received notification of your draft value in late 2022 by letter, with the final values becoming live on 1 April 2023.

Revaluations redistribute the tax base according to the property market at the time date. Broadly, businesses in areas or industries doing well should expect their rateable values to increase, and firms in areas where economic conditions are less favourable should expect them to decrease. However, even small changes to your rateable value could make you eligible for - or disqualify you from - rates relief.

What to do if you think you've been valued incorrectly

If you believe that your value is incorrect, you may have grounds to appeal. The Scottish Government has guidance on getting professional advice [here](#).

The 2023 revaluation cycle is the first in which a new proposal and appeals system is in place, following the Barclay Review. From 1 April 2023, the functions of the Valuation Appeals Committees (VACs), Council Tax Reduction Review Panel (CTRRP) and certain functions of the Lands Tribunal for Scotland (LTS) will transfer to the Scottish Tribunals. First tier non-domestic rates appeals on valuation will be heard by the Local Taxation Chamber.

A two-stage appeals system will also be introduced on 1 April 2023 with proposals and appeals. A proposal must be made to the assessor before an appeal to the Scottish Tribunals can be made. Proposals contain the grounds for seeking a change, evidence to support the grounds, and a statement explaining how the evidence supports the grounds of proposal. After a proposal is made, the assessor may ask for further information. The assessor may then choose to amend the rateable value in accordance with the proposal, or in accordance with an agreement reached with them after the proposal is made; or they may decide not to change the value, or to change it in a way that is different to the proposal that was made. In some cases, if you are dissatisfied with the outcome of the proposal, you can then lodge an appeal with the Local Taxation Chamber.

Under the two-stage appeals system, the last date for lodging a proposal against your revaluation is within four months of the date of issue of the assessor's Valuation Notice (this provides the new rateable value). New owners and occupiers also have four months to lodge a proposal. You can also lodge a proposal up to four months after the valuation roll has ceased to be in force if you think there is a material change of circumstances justifying a change in rateable value. If you think there is an error such as a measurement error in your valuation, you can lodge a proposal while the valuation roll that the entry is in, is in force.

You can also employ a professional property agent to act on your behalf when making an appeal but be careful. The sector is largely unregulated, and standards vary significantly. The Royal Institution of Chartered Surveyors (RICS) has issued a [code of practice](#) for rating professionals. FSB members should consider using this as the basis for a contract with any professional adviser.

Further help

Councils are able to grant discretionary relief to businesses in their local area, though often only in exceptional circumstances. Councils may also allow firms to defer payment in special circumstances.

Ratepayers must also tell their council about a change of occupier of a property within 42 days of the change. If they don't do this, they may be liable for a civil penalty of up to £370.

You can contact your [local assessor](#) if you:

- don't understand how your rateable value was calculated and want more detail
- think your valuation details are wrong
- disagree with the assessor's valuation

And you should always contact your [local assessor](#) if:

- you move or make changes to your premises
- the nature of your business [changes](#)

You can also update your information on the [Scottish Assessors Association website](#).

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