



Non-Domestic Rates

Transitional Arrangements: 2001-02



SCOTTISH EXECUTIVE

Making it work together

Business Rates in Scotland: 2001-02

Transitional Arrangements: 2001-02

This leaflet provides details of the transitional scheme for 2001-02 in Scotland. It supplements the information provided in the Scottish Executive's pamphlet "Non-Domestic Rates – Revaluation 2000 Transitional Arrangements", which was enclosed with your rates bill last year. Both are available on the Scottish Executive's website on www.scotland.gov.uk under "Publications".

Transitional relief (TR) in 2000-01

Following the revaluation as at 1 April 2000, *increases* in rates bills last year were limited to 7.5% in real terms and to 5% where the rateable value was £10,000 or less. *Reductions* in rates bills were limited to 5% in real terms. If you would otherwise have received an increase or decrease in your rates bill in excess of these limits you should have seen an adjustment for last year.

Transitional relief in 2001-02 : phasing out transitional relief

In 2001-02, the transitional adjustments will start to be phased out with the aim that by 2004-05 all ratepayers will be paying their true rates bills.

If you are currently in *receipt of* transitional relief, the amount of transitional relief you will receive in 2001-02 will be just over three-quarters (0.770) of the value you received in 2000-01¹. The same is true if you are currently *contributing to* the transitional relief scheme. Your contribution in 2001-02 will be 0.770 of the value you contributed in 2000-01.

The examples below illustrate this:

Example 1: If you received £100 in transitional relief in 2000-01, you will receive £77 (£100 x 0.770) in 2001-02.

Example 2: If you were contributing £50 to the transitional relief scheme in 2000-01, you will contribute £38.50 (£50 x 0.770) in 2001-02.

What will this mean for your bill in 2001-02?

In general terms, the amount you actually pay in rates in 2001-02 will depend on the rateable value of your property and the amount you received from or contributed to the transitional relief scheme in *2000-01*, the year immediately following revaluation.

¹ The factor is 0.770, rather than 0.75, to allow for real terms increase of 2.6 per cent

Your bill in 2001-02 is calculated as:

- the amount which would be paid if there were no transitional relief. This is the rateable value multiplied by the poundage, which for 2001-02 is 47p (45p for subjects with a rateable value of £10,000 or less)

plus

- the amount received from or contributed to transitional relief in 2000-01 multiplied by 0.770. This figure will be negative, positive or zero depending on whether you, respectively, were in receipt of TR, contributed to TR or were neither receiving nor contributing to TR in 2000-01. The factor of 0.770 will be the same for both small and large businesses.

The examples below illustrate this:

Example 3: A subject has a rateable value of £20,000 and received £1,000 in transitional relief in 2000-01.

Amount that would have been paid prior to transitional relief

$$£20,000 \times 47.0p = £9,400$$

+

Amount received (negative) from TR in 2000-01 *times* 0.770

$$(-£1,000 \times 0.770) = -£770$$

$$\text{Bill to be paid in 2001-02} = £8,630$$

Example 4: A subject has a rateable value of £5,000 and contributed £100 in transitional relief in 2000-01.

Amount that would have been paid prior to transitional relief

$$£5,000 \times 45.0p = £2,250$$

+

Amount contributed (positive) to TR in 2000-01 *times* 0.770

$$(£100 \times 0.770) = +£77$$

$$\text{Bill to be paid in 2001-02} = £2,327$$



If you have general enquiries about the new transitional arrangements you can contact the Scottish Executive's Business Rates Enquiries Section:

Address: Area 3-J
Victoria Quay
EDINBURGH
EH6 6QQ

Email:

Business.Rates.Enquiries@scotland.gsi.gov.uk

Telephone: 0131-244 7026

Specific queries about your individual bill should be addressed to your council.

You can also contact the Royal Institute of Chartered Surveyors Helpline number (020 7222 7000) for the name of the nearest professionally recognised rating surveying firm who will provide you with up to half an hour's free advice.