



Small Business Rate Relief Scheme



SCOTTISH EXECUTIVE

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Small Business Rate Relief Scheme

This leaflet will tell you whether you should apply for the new small business rate relief that is being introduced in Scotland from 1st April 2003. Please read it carefully – it could save you money.

Why is the Scottish Executive introducing this new rate relief scheme?

The Scottish Executive is committed to helping small businesses. There is evidence that rates account for a larger proportion of the costs of turnover of small businesses than they do for larger businesses¹. This scheme aims to target help at genuinely small businesses.

What small business rate relief will be available?

From 1st April 2003 all non-domestic subjects in Scotland with a rateable value of £10,000 or less are eligible for a discount of between 5% and 50% on the rate poundage².

Rate relief for subjects with a rateable value of £10,000 or less is set out below

<i><u>TOTAL</u> rateable value of all non-domestic subjects occupied</i>	<i>%</i>
Less than £3,000	50
£3,000 or above but under £4,000	40
£4,000 or above but under £5,000	30
£5,000 or above but under £6,000	20
£6,000 or above but under £7,000	10
£7,000 or above; or eligible for other (non-discretionary) relief ³	5

The exact level of relief therefore depends on

- (i) the total rateable value of all subjects occupied by the rate-payer; and

1 The Impact of "Rates and Businesses", IFF Research Ltd for the Department of the Environment 1995

2 The rate poundage in 2003/04 will be 47.8 p

(ii) whether or not the property is eligible for one of the existing non-discretionary rate reliefs³.

If a subject is eligible for an existing non-discretionary relief then it already qualifies for at least a 50 per cent rate relief which is why the small business rate relief is limited to 5% in these circumstances.

Since 2001/02 all subjects with a rateable value of £10,000 or less have received a 2 pence discount on the rate poundage. Under this scheme, all such subjects will receive at least a 5 per cent discount.

Examples illustrating the scheme are given below:

Example 1: Single subject

You occupy a guest house with a rateable value of £5,000. You occupy no other properties in Scotland.

SBRR⁴ 20%
available

Rates £5,000 x 47.8p x 80% = £1,912
liability

Example 2: Cumulative rateable value £10,000 or under - single authority

You occupy a shop with a rateable value of £3,000 and a separate storage facility with a rateable value of £1,000. You occupy no other property in Scotland. The total rateable value of the property occupied is £4,000.

SBRR 30%
available

Rates shop £3,000 x 47.8p x 70% = £1,003.80
liability storage £1,000 x 47.8p x 70% = £334.60

3 Charitable rate relief, disabled persons rate rebate, farm diversification rate relief, rural rate relief, derating allowance (stud farms) and relief by virtue of being empty

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Example 3: Cumulative rateable value £10,000 or under – more than one authority

You occupy 2 offices, one in Edinburgh and one in Glasgow with rateable values of £4,000 and £2,000 respectively. You occupy no other property in Scotland. The total rateable value of the property occupied is £6,000.

SBRR 10%
available

Rates Edinburgh:
liability £4,000 x 47.8p x 90% = £1,720.80
 Glasgow:
 £2,000 x 47.8p x 90% = £ 860.40

Example 4: Single subject and eligible for a non-discretionary relief

You occupy a post office with a rateable value of £4,000 and are currently in receipt of 50 per cent rural rate relief.

Rural rate relief 50% (non discretionary)
available

SBRR available 5%

Rates £4,000 x 50% x 47.8p x 95% = £908.20
liability

Example 5: Cumulative rateable value more than £10,000 - individual subjects £10,000 or less

You occupy three shops in Aberdeen with rateable values of £3,000, £4,000 and £5,000 respectively. The cumulative rateable value of the property occupied in Scotland is £12,000 so you fall within the “£7,000 or above banding” in the table above.

SBRR available 5%

Rates liability
 £3,000 x 47.8p x 95% = £1,362.30
 £4,000 x 47.8p x 95% = £1,816.40
 £5,000 x 47.8p x 95% = £2,270.50

Do I need to apply for this rate relief?

Yes – if you are eligible for small business rate relief of 10 per cent or more. All subjects with a rateable value of £10,000 or under will receive 5 per cent rate relief by default. If you are eligible for a higher level of relief you will have to apply to each local authority area in which you have property. If you received this leaflet from your local authority they should have enclosed an application form.

Who pays for the small business rate relief scheme?

The scheme aims to redistribute the rates burden and as such, the additional cost of the scheme will be paid for by a small supplement on the rate poundage for all subjects with a rateable value above £25,000. In 2003/04 this supplement will be 0.6 pence on a rate poundage of 47.8 pence.

The supplement does not include monies currently paid by central or local government including the equivalent of the '2 pence discount' for each subject with a rateable value of £10,000 or less. This will be met by central government.

A note outlining how the supplement was calculated can be found on the Scottish Executive website:

[www.scotland.gov.uk/
consultations/enterprise/poundagesupp.pdf](http://www.scotland.gov.uk/consultations/enterprise/poundagesupp.pdf)



Further information?

Specific queries about your individual bill, or a request for an application form, should be addressed to your local authority.

If you have any general enquiries about the new small business rate relief scheme, contact:

Scottish Executive Business Rates Enquiries
Section
Area 3-J (Dockside)
Victoria Quay
EDINBURGH
EH6 6QQ

Email:

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

Telephone (general enquiries only): 0131 244 7051

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