



Finance and Central Services Department
Local Government Finance & Performance Division

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Finance Circular No 5/2002

The Chief Executives
Scottish Local Authorities

Copy to: Directors of Finance
Heads of Revenue Departments

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Your ref:
Our ref: ZCB 4/2/2002

3 April 2002

Dear Sir/Madam

THE NON-DOMESTIC RATES (LEVYING)(SCOTLAND) REGULATIONS 2002

1. I am directed by Ministers to draw to your attention to the above Statutory Instrument that has been made. It came into force on 1 April 2002 and has effect from that date.
2. The Non-Domestic Rates (Levyng) (Scotland) Regulations 2002 roll forward the policy behind the current Regulations. In the first year following Revaluation (2000-01) real increases and decreases in bills were limited to a set percentage. The real increase in bills of small businesses (those with a rateable value of £10,000 or less) was limited to 5% and for all other subjects the limit on increases was 7.5%. For all properties subject to transitional arrangements decreases were limited to 5% in the first year.
3. In 2001-02, the transitional adjustments began to be phased out with the aim that by 2004-05 all ratepayers will be paying their true rates bills. Therefore last year (2001-02), the transitional adjustment was restricted to 75% in real terms of the amount awarded, or contributed, through the scheme in the year immediately following revaluation (2000-01). This year (2002-03), the transitional adjustment will be reduced to 50%, in real terms (equivalent to a factor of 0.522), of the amount awarded or contributed in 2000-01.
4. The formula, at regulation 7, for calculating the ARP (amount of rates payable) has been amended to take into account any changes in rateable values that have happened subsequent to Revaluation 2000 when calculating the transitional adjustment to be applied. As it would be incorrect to use the transitional adjustment at 1 March 2001 in these circumstances, the BTA (base transitional adjustment) has been redefined to March 2002. This is then divided by 0.770 to arrive at what the transitional adjustment would have been at 31 March 2001 taking into account the change in rateable value, and then the current factor of 0.522 is applied to this figure to arrive at the transitional adjustment for the 2002 rating year. The factor 0.678 at regulation 7 is equivalent to $0.522/0.770$.



5. A new regulation has been added at Regulation 10 to provide for a reduction in rateable value on 1 April 2002. The ARP formula in this regulation ensures that the transitional adjustment is reduced in proportion to the reduction in the rateable value.
6. A supply of the leaflet “Non-Domestic Rates Transitional Arrangements: 2002-03” providing details of the transitional scheme for 2002-03 has been sent to all councils. It supplements the information provided in the Scottish Executive’s pamphlet “Non-Domestic Rates – Revaluation 2000 Transitional Arrangements”. Both are available on the Scottish Executive’s website on www.scotland.gov.uk under “Publications”.
7. The Regulations also provide for a reduced poundage of 45.8p to apply to all properties falling within transitional relief with a rateable value of £10,000 or less. This is intended to provide a reduction in the rates payable by small businesses during 2002-03. Part IV of the Regulations gives effect to this provision for properties with a rateable value of £10,000 or less which fall outwith the transitional relief arrangements.
8. The Regulations also carry forward the existing provisions for the treatment of property which is formed as a result of splits, merger or reorganisation during the year 2002-03 and provisions in respect of changes in rateable values during the year.
9. This Circular has been copied to the Director of Finance and the Head of Revenues. Copies of the Regulations are available from the Stationery Office Bookstore website (www.hms.o.gov.uk).
10. Any enquiries about this Circular should be directed to me at the above address.

Yours faithfully

Lynne Carter

LYNNE CARTER

