



Small Business Rate Relief 2005-06



SCOTTISH EXECUTIVE

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This leaflet will tell you about the small business rate relief scheme which was introduced in Scotland on 1st April 2003. Please read it carefully - it could save you money.

Why did the Scottish Executive introduce this 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 is available?

All non-domestic subjects in Scotland with a rateable value of £11,500 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 £11,500 or less is set out below

<i>TOTAL rateable value of all non-domestic subjects occupied</i>	<i>%</i>
Less than £3,500	50
£3,500 or above but under £4,500	40
£4,500 or above but under £5,750	30
£5,750 or above but under £7,000	20
£7,000 or above but under £8,000	10
£8,000 or above; or eligible for other (non-discretionary) relief ³	5

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

2 The rate poundage in 2005/06 will be 46.1 p

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

The exact level of relief therefore depends on

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

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.

SBRR ⁴ available	30%
Rates liability	$£5,000 \times 46.1p \times 70\% = £1,613.50$

Example 2: Cumulative rateable value £11,500 or under - single authority

You occupy a shop with a rateable value of £3,500 and a separate storage facility with a rateable value of £1,500. You occupy no other property in Scotland. The total rateable value of the property occupied is £5,000.

SBRR available	30%
Rates liability	shop $£3,500 \times 46.1p \times 70\% = £1,129.45$ storage $£1,500 \times 46.1p \times 70\% = £484.05$

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

⁴ Small Business Rate Relief

Example 3: Cumulative rateable value £11,500 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 20%
available

Rates Edinburgh:
liability £4,000 x 46.1p x 80% = £1,475.20
 Glasgow:
 £2,000 x 46.1p x 80% = £737.60

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 available 50% (non discretionary)
SBRR 5%
available

Rates £4,000 x 50% x 46.1p x 95% = £875.90
liability

Example 5: Cumulative rateable value more than £11,500 - individual subjects £11,500 or less

You occupy three shops in Aberdeen with rateable values of £4,000, £4,000 and £5,000 respectively. The cumulative rateable value of the property occupied in Scotland is £13,000 so you fall within the "£8,000 or above banding" in the table above.

SBRR available 5%

Rates liability

£4,000 x 46.1p x 95% = £1,751.80

£4,000 x 46.1p x 95% = £1,751.80

£5,000 x 46.1p x 95% = £2,189.75

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 £11,500 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 £29,000. In 2005/06 this supplement will be 0.45 pence on a rate poundage of 46.1 pence.

The supplement does not include monies currently paid by central or local government, such as non-discretionary and discretionary rate relief. A note outlining how the supplement was calculated can be found on the Scottish Executive website:

<http://www.scotland.gov.uk/library5/government/ndr18-00.asp>



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 small business rate relief scheme, contact:

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

Email:

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

You can also call the Royal Institution of Chartered Surveyors Business Rates Helpline 0870 333 1600 and then ask for the name of the nearest professionally recognised rating surveying firm who will provide you with a free half hour initial consultation.

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