

2016 No. 402

RATING AND VALUATION

**The Valuation for Rating (Decapitalisation Rate) (Scotland)
Regulations 2016**

Made - - - - *29th November 2016*
Laid before the Scottish Parliament *1st December 2016*
Coming into force - - *1st March 2017*

The Scottish Ministers make the following Regulations in exercise of the powers conferred by section 6(8A) and (8B) of the Valuation and Rating (Scotland) Act 1956(a) and all other powers enabling them to do so.

Citation and commencement

1. These Regulations may be cited as the Valuation for Rating (Decapitalisation Rate) (Scotland) Regulations 2016 and come into force on 1st March 2017.

Interpretation

2.—(1) In these Regulations—

“the 1956 Act” means the Valuation and Rating (Scotland) Act 1956;

“the 1980 Act” means the Education (Scotland) Act 1980(b);

“the 1992 Act” means the Further and Higher Education (Scotland) Act 1992(c);

“church property” means any premises to the extent to which section 22(1) of the 1956 Act(d) (exemption of churches, etc. from rates) applies to them;

“contractor’s basis” means the method of ascertaining the net annual value of lands and heritages by reference to their cost of construction or provision or to their capital value;

“decapitalisation rate” means the percentage rate which is applied to the cost of construction or provision or to the capital value of any lands and heritages for the purpose of ascertaining their net annual value when they are being valued in accordance with the contractor’s basis;

“educational establishment” is to be construed in accordance with paragraph (2) of this regulation;

“healthcare property” is to be construed in accordance with paragraph (3) of this regulation;

(a) 1956 (c.60). Subsections (8A) and (8B) were inserted in section 6 by the Local Government Finance Act 1988 (c.41), section 137 and schedule 12, paragraph 4 and fall to be read with subsections (8C) and (8D) (which were inserted by the Local Government and Housing Act 1989 (c.42), section 145 and schedule 6, paragraph 5). The functions of the Secretary of State were transferred to the Scottish Ministers by virtue of section 53 of the Scotland Act 1998 (c.46).

(b) 1980 (c.44).

(c) 1992 (c.37).

(d) Section 22 was substituted by the Local Government Finance Act 1992 (c.14), Schedule 13, paragraph 10.

“lands and heritages” means any lands and heritages or any part of them; and
“net annual value” has the same meaning as in section 6(8) of the 1956 Act(a).

(2) “Educational establishment” means any lands and heritages which are constructed or adapted for use, and which are wholly or mainly used, for the purposes of—

- (a) providing day care of children within the meaning of paragraph 13 of schedule 12 of the Public Services Reform (Scotland) Act 2010(b);
- (b) a school;
- (c) an institution within the higher education sector (within the meaning of Part II of the 1992 Act);
- (d) a central institution;
- (e) a college of further education maintained by an education authority in the exercise of its further education functions in providing courses of further education within the meaning of section 1(5)(b)(ii) of the 1980 Act;
- (f) a college of further education within the meaning of section 36(1) of the 1992 Act under the management of a board of management within the meaning of Part 1 of that Act;
- (g) any other educational establishment which is managed by a body not established for profit and which provides further education within the meaning of section 1(3) of the 1992 Act,

and any expression used in this paragraph and in the 1980 Act and not defined in this paragraph is to be construed in accordance with that Act.

(3) “Healthcare property” means any lands and heritages constructed or adapted wholly or mainly either—

- (a) for the reception or treatment of persons suffering from any illness, injury or infirmity; or
- (b) as a maternity home,

and used for such a purpose.

(4) Any reference in these Regulations to lands and heritages used for any purpose includes a reference to those lands and heritages which are not in use but which when last in use were used for such a purpose.

Use of the decapitalisation rate

3. The decapitalisation rate specified in regulation 4 is to be applied for a valuation of lands and heritages in accordance with the contractor’s basis for the purposes of any valuation roll which comes into force on or after 1st April 2017.

Decapitalisation rate

4. The decapitalisation rate is—

- (a) 2.9 per cent in the case of any lands and heritages consisting of church property, healthcare property or an educational establishment; and
- (b) 4.6 per cent in any other case.

(a) Section 6(8) was amended by the Abolition of Domestic Rates Etc. (Scotland) Act 1987 (c.47), section 34 and schedule 6 and the Land Reform (Scotland) Act 2016 (asp 18), section 76(2)(a) (insertion has effect subject to transitional provision specified in S.S.I. 2016/193, regulation 3).

(b) 2010 asp 8.

Revocation and saving provision

5.—(1) The Valuation for Rating (Decapitalisation Rate) (Scotland) Regulations 2005^(a) are revoked.

(2) The regulations in paragraph (1) continue to have effect, for the purposes of the valuation, before 1st April 2017, of any lands and heritages as they had effect for that purpose, immediately before that date.

St Andrew's House,
Edinburgh
29th November 2016

DEREK MACKAY
A member of the Scottish Government

(a) S.S.I. 2005/41 amended by S.S.I. 2011/211.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe the decapitalisation rate to be applied when valuing lands and heritages in Scotland in accordance with the contractor's basis for the purposes of any valuation roll which comes into force on or after 1st April 2017. The contractor's basis is the method of ascertaining the net annual value of lands and heritages by reference to their cost of construction or provision or to their capital value.

The decapitalisation rate prescribed is 2.9 per cent in the case of certain church property, healthcare property and educational establishments (as defined in regulation 2) and 4.6 per cent in any other case.

Regulation 5 revokes the Valuation for Rating (Decapitalisation Rate) (Scotland) Regulations 2005 and saves those regulations for valuations before 1st April 2017.

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