

POLICY NOTE

THE NON-DOMESTIC RATES (RESTRICTION OF RELIEF AND CONSEQUENTIAL AMENDMENTS) (SCOTLAND) REGULATIONS 2020

SSI 2020/391

This instrument is made in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994. The instrument is subject to the negative Parliamentary procedure.

These regulations provide that from 1 January 2021 any relief granted by Regulations made under section 153 of the Local Government etc. (Scotland) Act 1994 must not be granted in a way that would be incompatible with Article 107(1) of the Consolidated Version of the Treaty on the Functioning of the European Union setting out state aid rules, as this operated on the day the Regulations are made. In addition, this instrument makes consequential amendments to such current Regulations that reference Article 107(1).

Policy Objectives

The Treaty on the Functioning of the European Union will cease to apply to the United Kingdom at the end of the transition period on 31 December 2020.

The objective of this instrument is for reliefs granted by Regulations made under section 153 of the Local Government etc. (Scotland) Act 1994 from 1 January 2021 to continue to be subject to the restrictions provided by the state aid de minimis framework set out in Article 107(1) of the Consolidated Version of the Treaty on the Functioning of the European Union as it applied on the day the Regulations are made. Ensuring in-year continuity of existing state aid rules provides policy and budgetary certainty with respect to the awards of existing reliefs and future reliefs granted after 31 December 2020.

This instrument sets out that reliefs made available through Regulations under section 153 of the Local Government etc. (Scotland) Act 1994 must be granted in a way that is compatible with Article 107(1). This has effect from 1 January 2021.

The following reliefs in Regulations made under section 153 of the Local Government etc. (Scotland) Act 1994 currently refer to Article 107(1): [Renewables Relief](#), [Enterprise Areas Relief](#), [District Heating Relief](#), [Transitional Relief](#), [Day Nursery Relief](#), [Telecommunications](#), [New Fibre Infrastructure Relief](#) and [Coronavirus Reliefs](#). In practice this latter relief is not considered State aid in 2020-21 across the UK and this instrument does not affect that. Also in practice, the state aids requirements apply to all reliefs, whether or not the Regulations that provide for them make that express.

Having an overarching requirement stated in these Regulations makes it unnecessary to retain references within individual Regulations. This instrument therefore amends existing relief Regulations made under section 153 of the Local Government etc. (Scotland) Act 1994 to omit references to Article 107(1).

Consultation

There is no statutory obligation to consult on these Regulations.

Impact Assessments

No Business and Regulatory Impact Assessment is required.

Financial Effects

This instrument has no direct financial implications.

Scottish Government
Local Government and Communities Directorate
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