

POLICY NOTE

THE NON-DOMESTIC RATES (CORONAVIRUS RELIEFS) (SCOTLAND) REGULATIONS 2021

SSI 2021/151

The above instrument is made in exercise of the powers conferred by section 153 of the Local Government etc (Scotland) Act 1994 and all other powers enabling the Scottish Ministers to do so. The instrument is subject to the negative procedure.

Purpose

The purpose of these Regulations is to provide temporary reliefs intended to counter the adverse economic impact of COVID-19 for the 2021-22 financial year only.

The measures provided are as follows:

- a 100% non-domestic rates (NDR) relief for properties with specified uses in the retail, hospitality and leisure (RHL) sectors as well as properties used for newspaper publishing; and
- a 100% relief for airports and handling service providers, and for lands and heritages occupied by Loganair Ltd.

Policy Objectives

In response to the outbreak of COVID-19, the Scottish Government introduced an automatic 100% relief for the RHL and aviation (RHLA) sectors for 2020-21 and an automatic 1.6% relief for all other non-domestic properties under The Non-Domestic Rates (Coronavirus Reliefs) (Scotland) Regulations 2020. Soft play centre, amusement arcades and amusement centres were subsequently added to the list of property uses eligible for 100% relief in 2020-21 under The Non-Domestic Rates (Coronavirus Reliefs) (Scotland) Amendment Regulations 2020. Separately, under the Coronavirus (Scotland) (No.2) Act 2020, premises used for the production of newspapers and related news platforms were made eligible for 100% relief from 27 May 2020 for the remainder of 2020-21.

The Scottish Budget 2021-22 committed to a three-month extension to RHLA relief. On 16 February 2021¹ the Scottish Government confirmed its commitment to a full twelve-month extension of RHLA relief therefore covering all of 2021-22, including for news publishing.

An application will be required for these reliefs.

The 100% RHL relief will be available for properties in the retail, hospitality and leisure sectors, where they are wholly or mainly used on a day for a purpose specified in the classes in schedule 1 of the Regulations. This relief is available in 2021-22 for properties that were unoccupied on 17 March 2020, contrary to 2020-21 during which properties had to be occupied on 17 March 2020 in order to qualify for this relief. This was originally to target relief to properties that fell into difficulty in 2020-21 as a result of COVID-19 directly. Given

¹ <https://www.gov.scot/news/non-domestic-rates-relief-extended/>

the duration of COVID-19 restrictions and in order to create a level playing field between green and brownfield development and redevelopment respectively in the recovery period, this exclusion on eligibility is removed in 2021-22.

This relief remains available to those properties that are closed temporarily due to the UK or Scottish Government's requirements or advice on COVID-19, and for the purposes of this relief they will be treated as continuing to be occupied.

100% relief is also available for airports listed in schedule 2 of the Regulations, as well as properties wholly or mainly used to provide handling services (as defined in the Regulations) at those airports. Relief is also provided for property occupied by the company named Loganair Limited, incorporated with company registration number SC170072.

Hospitality is considered to include: bed and breakfast accommodation, camping sites, caravans and caravan sites, chalets, holiday huts, bothies, guest houses, hotels, hostels, public houses, restaurants (which would include cafés, coffee shops, bistros, fast food restaurants or snack bars), self-catering holiday accommodation, timeshare accommodation, markets, retail shops (which would include charity shops), car washes, letting agencies (providing that it is operated by a person who on 21 March 2020 was or had applied to be a registered letting agent), funeral parlours and travel agencies, hair and beauty services (for example hairdressers, nail bars, beauty salons and tanning shops), shoe repairs/key cutting, laundry services (which would include launderettes and dry cleaners), repairs of domestic electrical goods, photo processing, car hire and tool hire.

Leisure is considered to include: galleries or centres, sports clubs, sports centres, sports grounds (which would include bingo halls, bowling greens, cricket grounds, football grounds, golf courses, miniature railways, recreation grounds and tennis courts), clubhouses, gymnasiums, museums, cinemas, theatres, music venues, recreation grounds, tourist attractions or tourist facilities (which would include standalone visitor centres), ticket offices, soft play centres, amusement arcades and amusement centres.

These Regulations would not provide relief to, amongst other premises:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices
- Casinos, gambling clubs and betting shops.

This relief is not a specified relief under The Non-Domestic Rates (Restriction of Relief) (Scotland) Regulations 2021 and the amount that can be awarded is therefore on the full rates bill of the lands and heritages as the relief is not capped under those Regulations.

Consultation

There is no statutory obligation to consult on these Regulations.

Impact Assessments

No Business and Regulatory Impact Assessment is required because the present instrument will not impose new regulatory burdens on businesses, charities or the voluntary sector.

Financial Effects

The decrease in the amount of non-domestic rates payable is in line with the policy objectives as outlined above.

The Scottish Fiscal Commission's Scotland's Economic and Fiscal Forecasts published on 28 January 2021 estimated that the initial three-month extension to RHLA relief would cost £185 million; and will also produce a final costing for the policy set out in these Regulations.

Scottish Government

Local Government and Communities Directorate

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