

POLICY NOTE

THE VALUATION FOR RATING (PLANT AND MACHINERY) (SCOTLAND) AMENDMENT REGULATIONS 2023

SSI 2023/32

The above instrument was made in exercise of the powers conferred by section 42 of the Lands Valuation (Scotland) Act 1854. This instrument is subject to the negative procedure and comes into force on 1 April 2023.

This instrument amends The Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000 to exempt from rating, until 31 March 2035, certain plant and machinery used in connection with on-site renewable energy generation and storage.

Policy Objectives

This instrument amends the classes of plant and machinery prescribed by regulation 2 of the Valuation for Rating (Plant and Machinery)(Scotland) Regulations 2000¹, which are to be assumed to be part of lands and heritages for the purposes of valuation for non-domestic rating. The instrument will implement an exception for specified plant and machinery used in connection with on-site renewable energy generation and storage, or storage at electric vehicle charging points, from 1 April 2023 until 31 March 2035.

This exception is intended to incentivise investment in renewable energy and support the attainment of Net Zero ambitions. The Scottish Government is committed to reducing carbon emissions, and the development and promotion of renewable energy generation is one of a number of measures aimed at tackling this issue. It also aims to support the security of energy supply and help realise climate change ambitions.

The Valuation for Rating (Plant and Machinery)(Scotland) Regulations 2000 specify the plant and machinery which is to be assumed to be part of lands and heritages for the purposes of valuation for non-domestic rates valuation. Class 1 in the Schedule concerns power; more specifically plant and machinery which is used or intended to be used mainly or exclusively in connection with the generation, storage, primary transformation of power or main transmission of power in or on the lands and heritages.

An exception currently applies within Class 1 for sites which are generating electricity mainly or exclusively for distribution for sale to consumers. Identical sites generating power for other purposes, for example for on-site use only, may attract a higher rateable value as they are not covered by this exception. .

These regulations introduce an additional exception within Class 1 for eligible plant and machinery items which would fall to be rateable under Class 1 and which are used for on-site renewable energy generation and storage, such as rooftop solar panels. This will bring on-site renewable generation into line with sites which use renewables to generate and export

¹ The Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000

energy for off-site use. It also excepts specified plant and machinery used for the generation, storage, transformation or transmission of power at electric vehicle charging points.

Supporting green investment, the exception only applies to Class 1 items used in connection with the generation of power from the following renewables: energy sources or technologies which are mainly or exclusively one of the following: biomass, biofuels, fuel cells, photovoltaics, water (including waves and tides, but excluding production from the pumped storage of water), wind, solar power, or geothermal.

Consultation

There is no statutory requirement to formally consult on these Regulations

Impact Assessments

No Business and Regulatory Impact Assessment has been carried out.

Proprietors, tenants or owners with plant and machinery falling within the exception may see a reduction in their non-domestic rates bill.

Financial Effects

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

Scottish Government
Local Government and Communities Directorate

February 2023