

A photograph of a business meeting. A man with glasses and a beard is leaning over a table, pointing at a document with a yellow highlighter. Other people are visible around the table, looking at the documents. The table is covered with various papers, charts, and numerous colorful sticky notes (yellow, pink, green).

BUSINESS RATES AND THE 2017 REVALUATION

SCOTLAND

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Experts in Business

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WHAT ARE BUSINESS RATES?

Business rates are a tax levied on properties. Most non-domestic properties need to pay business rates, in a similar way to households paying council tax. The revenue raised is used as part of the funding for local services, and is collected by Scottish councils.

HOW ARE BUSINESS RATES CALCULATED?

Business rates are calculated by multiplying the rateable value of your non domestic property (based on the notional annual rent) by the poundage rate (or multiplier) set annually by the Scottish Government. In addition, many properties receive 100% or partial rates relief as a tax discount.

The 2017-18 Non-Domestic Rate poundage rate is provisionally set at 46.6p. For properties with a rateable value of more than £51,000, businesses will have to pay a supplement of 2.6p, therefore their effective poundage rate will be 49.2p.

Usually the poundage increases each year by the rate of inflation to ensure that the same amount of money (in real terms) is collected each year. You can check your current rateable value on the Scottish Assessors' Association website www.saa.gov.uk

The Scottish Government has developed a [business rates calculator](#) which will give you a provisional indication of your bill next year. In addition you can check your draft rateable value for 2017-18 on the Scottish Assessors' Association website now - www.saa.gov.uk

2017 REVALUATION

2017 will also see a revaluation of business rates. These usually occur every 5 years when Scotland's assessors conduct a revaluation exercise to determine the rateable value of all public and private non domestic properties. However, the planned revaluation in 2015 did not take place and was instead postponed until 2017.

HOW WILL YOU BE AFFECTED BY THE REVALUATION?

Details of draft rateable values have now been published on the Scottish Assessors' Association website.

What matters during a revaluation is whether your rateable value (the notional rent at a fixed point in time) has gone up or down relative to the national average. Broadly, businesses in areas or industries doing well should expect their rateable values to increase, and firms in depressed areas should expect them to decrease. However, even small changes to your rateable value could make you eligible for - or disqualify you from - rates relief.

SCOTTISH GOVERNMENT RATES RELIEFS

The Scottish Government's Small Business Bonus scheme means that many smaller Scottish businesses pay no business rates and many others receive substantial discounts. FSB regularly makes the case that smaller firms should pay proportionally less than their larger counterparts. 100,000 recipients should pay no rates as a consequence of FSB campaigning. Details of this scheme can be found below:

COMBINED RATEABLE VALUE (RV) OF ALL PROPERTIES	2017-18 RELIEF
Up to £15,000	100%
£15,001 to £18,000	25%
£18,001 to £35,000	25% on individual property each with rateable value up to £18,000 *

* A ratepayer with multiple properties with a cumulative RV between £15,001 and £35,000 can be eligible for 25% relief for individual properties each with RV up to £18,000.

You may also be eligible for other rate relief schemes too. Check the most up to date information on this section of the Scottish Government website at www.mygov.scot/business-rates-guidance

WHAT TO DO IF YOU THINK YOU'VE BEEN VALUED INCORRECTLY

If you believe that your value is incorrect (broadly if your rateable value does not match 2015 rental levels for similar premises) you may have grounds to appeal. In the first instance, we would suggest contacting your local assessor to discuss, as this may save you the time and expense of a formal hearing.

You may also find this Scottish Government guidance helpful - go online and visit

www.mygov.scot/business-rates-guidance/getting-professional-advice

Formal appeals against the revised valuations can only be made between 1st April 2017 and 30th September 2017. You can also employ a professional property agent to act on your behalf when making an appeal, but be careful. The sector is largely unregulated and standards vary significantly. FSB has asked the industry body the Royal Institution of Chartered Surveyors (RICS) if it would issue a tougher code of practice to enforce higher standards. We are optimistic that this will be in place before the revaluation comes into force on 1 April 2017. FSB members should consider using this as the basis for a contract with any professional adviser.

FURTHER HELP

Councils are able to grant discretionary relief to businesses in their local area, though often only in exceptional circumstances. Councils may also allow firms to defer payment in special circumstances. Do get in touch with your council as early as possible if you're finding payment difficult.

Other reliefs and assistance are available to small businesses, including rural relief and enterprise zone relief, but these only apply in special circumstances. You can find out more information about this help at www.mygov.scot/business-rates-relief

**If you have any further questions,
please contact your FSB Development Manager.**

The guidance provided above in relation to business rates is for general guidance on your rights and responsibilities only and is not financial advice. You are advised seek professional advice in relation to your business rates before taking any further action. FSB has tried to ensure that the information provided is accurate. However, FSB will not accept liability for any loss, damage or inconvenience arising as a consequence of any use of or the inability to use any information provided. We are not responsible for claims brought by third parties arising from your use of this information.