**Briefing Note**

for

**City of Elgin BID**

and

**Moray Chamber of Commerce**

**1.0 Introduction**

1.1 In response to concerns about the impact of the 2017 Non-Domestic Rates revaluation, the Scottish Government introduced a Transitional Relief scheme.

1.2 This scheme is governed by The Non-Domestic Rates (Transitional Relief) (Scotland) Regulations 2017.

1.3 The 2017 Transitional Relief scheme limits increases in 2017 bills for properties used in a manner stated by this legislation to a real terms increase of 12.5%.

**2.0 Transitional Relief Scheme Provisions**

**2.1 General**

2.1.1 The scheme is application based. The ratepayer must complete an application form to apply for an award of transitional relief.

2.1.2 The scheme will operate for a period of one year, 1 April 2017 to 31 March 2018.

**2.2 Qualification**

2.2.1 This scheme limits relief to properties which fall into one of the following classes:

1. bed and breakfast accommodation;
2. camping site;
3. caravan
4. caravan site

(Note: iii & iv as defined in Part I of the Caravan Sites and Control of Development Act 1960);

1. chalet or holiday hut;
2. guest house, hotel or hostel (excluding establishments where a significant amount of care is provided);
3. public house or night club, which is limited to:

* a premises licence authorising the sale of alcohol for consumption both on and off the premises, has been issued by a licensing board under section 26 of the Licensing (Scotland) Act 2005([**2**](http://www.legislation.gov.uk/ssi/2017/85/schedule/made#f00024));
* the premises are used for such sales to members of the public, principally for consumption on the premises, in accordance with the operating plan contained in the premises licence; and
* the operating plan contained in the premises licence does not include any provision that such sales are made subject to those members of the public residing at, or consuming food on, the premises.

1. restaurant, café, coffee shop, bistro, fast food restaurant or snack bar;
2. renewable energy generation;
3. self-catering holiday accommodation; and
4. timeshare accommodation.

2.2.2 The regulations also permit an award of relief to offices, but that is limited to properties situated in Aberdeen City and Aberdeenshire.

* + 1. Relief is limited to properties:

1. in use in the manner stated in point 2.2.1, above, at 1 April 2017; and
2. were used in this manner at 31 March 2017 or, if vacant, were last so used.

2.2.4 There is no entitlement to relief for properties which are vacant at 1 April 2017.

**2.3 Application**

2.3.1 Any ratepayer seeking an award of relief will have to:

1. confirm in which class their property falls; and
2. summarize the activities undertaken at the property to confirm its use.
   * 1. The application form is to be available on the council’s webpage <http://www.moray.gov.uk/moray_standard/page_111956.html> (under development);

**2.4 Relief Award**

2.3.1 Any award of relief is calculated on the basis of the gross Non-Domestic Rates which were payable at 31 March 2017 multiplied by a ‘real-terms’ factor equivalent to an increase of 12.5%. Relief will only be granted if the increase in the 2017 rates bill exceeds the real-terms factor of 12.5%.

* + 1. The regulations make provision for ratepayers who received 100% relief, so paying no rates at 31 March 2017 (likely due to a Small Business Bonus Scheme award). If a property’s rateable value was below £10,000 at 31 March 2017 and the ratepayer had paid nothing at that date due to a relief award, if the increase in their 2017 bill exceeds the real-terms factor of 12.5% which results in entitlement to a transitional relief award, the net 2017-18 amount payable will be reduced by a further 50%.
  1. **Changes**

2.4.1 If there is any change to a property’s circumstances during the 2017-18, it is likely that this will effect entitlement to a 2017 Transitional Relief award. For example:

1. if there is a change to a property’s rateable value, any transitional relief award will be reassessed;
2. if a property is replaced on the Valuation Roll post-1 April 2017 by a split merged or reorganised entry, entitlement to transitional relief will terminate;
3. if a ratepayer moves out of a property, entitlement to transitional relief will end on the vacation date; and
4. if a ratepayer moves into a property, an application for transitional relief will require to be made so that assess whether the new ratepayer and his/her use of the property satisfies the criteria of the 2017 Transitional Relief scheme.
   1. **Miscellaneous**

2.5.1 The 2017 Transitional Relief scheme must be compatible with existing EU State Aid law. In practice this means the ratepayer who has received a State Aid award in excess of €200,000 (which is around £173,500) must declare it.

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