

# Scottish Government submission of 10 May 2023

## PE2019/A: Withdraw rates relief under the Small Business Bonus Scheme from Holiday Let Accommodation

Thank you for the opportunity to respond to the above petition regarding the Small Business Bonus Scheme and Holiday Let Accommodation.

Non-domestic rates are a form of property tax which help pay for local council services. Where a property is made available for short-term lets of self-catering accommodation, it may be liable for non-domestic rates depending on the number of days it is used and available for use. From 1 April 2022, a property is classed as 'self-catering holiday accommodation' liable for non-domestic rates if it is available to let for 140 days and actually let for a total of 70 days or more in the financial year.

The Small Business Bonus Scheme (SBBS) offers up to 100% rates relief for small premises in Scotland, including self-catering accommodation. Whether a property is eligible for SBBS relief and the level of relief depends on the cumulative rateable value of all the properties in Scotland of which a person is in rateable occupation.

The Scottish Budget 2023-24 announced reforms to SBBS, whilst ensuring it remains the most generous scheme of its kind in the UK, supporting business and taking 100,000 properties out of rates altogether. With effect from 1 April 2023, 100% relief is available for properties where the cumulative rateable value of all of a ratepayer's properties is no more than £12,000. The upper rateable value for individual properties to qualify for SBBS relief was extended from £18,000 to £20,000, with relief tapered for those properties with a rateable value between £12,001 and £20,000.

To ensure properties losing or seeing a reduction in Small Business Bonus Scheme (or Rural Rates Relief) on 1 April 2023 do so in a phased manner we have also introduced a **Small Business Transitional Relief** which caps the maximum increase in the rates liability relative to 31 March 2023 at £600 in 2023-24.

The total value of SBBS relief for 2022-23 was estimated at £275 million (as at 1 July 2022). Properties classed on the valuation roll as self-catering accommodation accounted for almost 8% of this total value, with the majority of these properties benefiting from 100% relief. Further detail regarding self-catering properties and SBBS relief can also be found in response to parliamentary questions [S6W-12631](#) and [S6W-12629](#).

Recognising that second homes may be let for short-term let self-catering accommodation and the interaction between council tax and non-domestic rates, the [Consultation on Council Tax for second and empty homes](#), which was published on 18 April, invites views on the current thresholds which apply for a property to be classed as self-catering accommodation liable for non-domestic rates. It also invites comments more generally on the non-domestic rates system in respect of self-catering accommodation, and we hope all with an interest will respond. The consultation closes on 11 July, and we would suggest the Committee may wish to encourage the petitioner to respond.

Decisions on non-domestic rates, including reliefs, are generally considered in the context of the Scottish Budget in line with the Framework for Tax 2021, prevailing economic conditions, and other government priorities.

I hope that you find this helpful.