

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

## **Scottish Government submission, 13 June 2024**

Thank you for your letter of 17 May requesting further clarity on the Scottish Government's view on the above petition and questions previously raised by the Committee.

The Scottish Government is committed to maintaining the Small Business Bonus Scheme (SBBS) for 100,000 properties for the duration of this parliament. The Budget 2024-25 continues to support businesses in Scotland with a competitive non-domestic rates relief package, including maintaining SBBS which offers up to 100% relief for properties which meet the eligibility criteria with the exception of car parks, car spaces, advertisements, and betting shops.

As noted previously, the Scottish Budget 2023-24 announced reforms to SBBS, whilst ensuring it remains the most generous scheme of its kind in the UK. As such, the Scottish Government has no plans to add "self-catering holiday accommodation" to the list of properties ineligible for Small Business Bonus Scheme relief at this time. The Scottish Government therefore does not support Petition PE2019 which calls for the withdrawal of SBBS relief from holiday let accommodation.

Following consideration of responses to the Consultation on Council Tax for second and empty homes, which invited views on the thresholds at which self-catering accommodation becomes classed as non-domestic self-catering accommodation liable for non-domestic rates, Scottish Ministers concluded that they would not change the threshold requirements in 2024-25 as it is still too early to assess the impact of the recent changes to the thresholds. Legislative changes were however introduced, with effect from 1 April 2024, to provide clarity and consistency around the requirements.

[The Council Tax \(Dwellings and Part Residential Subjects\) \(Scotland\) Amendment Regulations 2024](#) introduced a time period within which evidence of intention to let, and/or actual letting, of self-catering holiday accommodation must be supplied to the assessor in order for a determination to be made over whether it is a non-domestic property, as well as clarifying the consequences if evidence is not provided within the required timescale following a request. The regulations also changed the unit of measurement from days to nights to reflect that accommodation providers generally take bookings and charge on the basis of a number of nights. These changes seek to support an efficient and effective process and help ensure that only self-catering accommodation which meets the criteria is on the valuation roll.

The Scottish Government is committed to keeping all recently implemented NDR reforms, such as changes to the thresholds for SBBS relief, under review to ensure that the NDR system effectively supports businesses and communities. This would include considering any recommendations on Non-Domestic Rates policy made by the Scottish Parliament and carrying out a detailed assessment in the context of the Framework for Tax principles and the New Deal for Business which would require early engagement with business to ensure that the impact on business is fully understood.

**Local Government and Analytical Services Division**