

Scottish Government submission of 15 August 2023

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

Thank you for your correspondence of 24 July regarding the above petition asking:

- whether the Scottish Government will consider adding “self-catering holiday accommodation” to the list of properties unable to qualify for the Small Business Bonus Scheme; and
- whether the Scottish Government will consider any other legislative changes (e.g. to the definition of “self-catering holiday accommodation” and the 70-day rule) that could address the issue raised in the petition.

For a property to be classed as self-catering accommodation liable for non-domestic rates it must be made available for letting, on a commercial basis and with a view to the making of profit, for 140 days or more and have been let for a total of 70 days or more in the financial year. Under the current arrangements, Scottish Assessors determine whether self-catering accommodation has met the thresholds in each financial year and will request evidence of actual letting and availability to let. Where a property is not determined to be self-catering accommodation, it will be removed from the valuation roll and liability to pay council tax will arise.

Where the rateable value is low enough, the premises may be eligible for the Small Business Bonus Scheme (SBBS). SBBS offers up to 100% rates relief for eligible small premises in Scotland, including self-catering accommodation, with a rateable value of up to £20,000. SBBS relief is not available for properties which are car parks, car spaces, advertisements and betting shops.

The recent [Consultation on Council Tax for second and empty homes](#) invited views on the thresholds which apply for self-catering accommodation to be liable for non-domestic rates. It also invited comments more generally on the non-domestic rates system in respect of self-catering accommodation. The consultation closed on 11 July,

and responses are now being analysed to inform the Scottish Government response.

Policy decisions on non-domestic rates, including reliefs such as the Small Business Bonus Scheme, are made by Scottish Ministers as part of the annual budget process. Any changes are considered in the round in line with the Framework for Tax 2021 as well as prevailing economic conditions and movement in the tax base.

I hope that you find this helpful.