

Briefing for the Public Petitions Committee on petition PE2236: Transfer administration of mandatory charitable rates relief to independent third sector processes

“Calling on the Scottish Parliament to urge the Scottish Government to transfer the administration of mandatory charitable rates relief from local authority non-domestic rates departments to an independent, third sector-led or community focused system. This will ensure that applications from volunteer-led charities are considered with a proper understanding of how voluntary organisations operate, rather than through a narrow revenue collection and enforcement lens.”

Background information

Non-Domestic Rates (NDRs) are an important source of income for local authorities. In 2026-27, local authorities will raise around £3.5 billion in NDR income, approximately 19% of all local government's general revenue funding.

There are a whole range of reliefs available to non-domestic rates payers, with [charity relief](#) being one of the largest in terms of total relief value. Registered charities (listed on the register maintained by the Office of the Scottish Charity Regulator OSCR) and other organisations of social benefit such as sports, theatre, arts clubs etc. can qualify for both mandatory and discretionary relief of up to 100% of rates liability.

Charities must apply for relief to their local council. It is for local authorities to determine whether a property is occupied wholly or mainly for charitable purposes.

The main legislation covering NDR charity relief is the [Local Government \(Financial Provisions etc.\) \(Scotland\) Act 1962](#). Eligible properties are entitled to 80% mandatory charity relief which is funded by the Scottish Government. Local authorities also have discretion to ‘top up’ this relief to 100%.

[Scottish Government statistics](#) show there were 11,470 mandatory charity relief awards in 2025, at a cost of £223 million. Almost 9,000 discretionary reliefs were awarded, at a cost of £34 million.

Appeals process

Organisations can challenge a decision about a non-domestic rates relief award (e.g. refusal to award the relief). They should firstly contact their local council and ask for an internal review. Councils will review eligibility again and decide if they'll award the relief or not. Should the organisation still disagree with the council's decision they can ask for a judicial review. However, [the Scottish Government highlights](#) “there can be significant costs involved in a judicial review”

Scottish Government reviews of NDR

In 2016 the Scottish Government asked Kenneth Barclay to chair a review into the non-domestic rates system in Scotland. The group's [report was published in 2017](#). Although the review looked at charity relief, it did not include anything about the process facing third sector organisations. Instead, it focussed on examples where reliefs were awarded incorrectly, as well as charitable reliefs for ALEOs and independent schools.

On the matter of enforcement, Barclay was keen to *strengthen* local authority debt recovery powers, to bring NDR in line with council tax.

Before summer recess, the [Scottish Government announced](#) the creation of an independent panel to undertake a rapid review of the outcomes of the 2026 NDR revaluation. This, according to the Scottish Government, “will look at improvements to the ratepayer experience but there are no current plans to revisit the administration of the system itself”.

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The purpose of this briefing is to provide a brief overview of issues raised by the petition. SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However, if you have any comments on any petition briefing you can email us at spice@parliament.scot

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