LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL

SUBMISSION FROM DUNDEE CITY COUNCIL (OFFICERS)

1. The Scottish Government’s overall programme of Non Domestic Rates Reform and how the Bill fits into this.

The Bill reforms will go some way to improving the NDR system and address some long term concerns around rates avoidance and fairness of relief schemes, whilst still encouraging new business.

2. How the Scottish Government has responded to the Barclay Review, in particular on those recommendations it has rejected in full or part.

No comment to make on this section.

3. Section 2 of the Bill which provides that revaluation of properties subject to Non Domestic rates would be carried out every 3 years rather than 5 years.

This is a welcome change as it will bring rates charges more in line with current market values and should in theory reduce the need for property owners to appeal the valuation applied by the assessor.

4. Section 3 of the Bill (together with section 9) makes provision in relation to new or improved properties. These delay the point at which non-domestic rates are increased because a property has been expanded or improved or at which a new build property begins to incur liability to non-domestic rates. The underlying aim is to incentivise development and investment in business properties.

The marker to indicate newly built or improved lands or heritages is welcomed and will likely reduce a current administrative burden on LA’s. Two markers would be beneficial, one for improved properties and one for new properties.

5. Section 4, which aims to increase the degree to which parks are subject to non-domestic rates, in recognition of the commercial activities that take place in some parks (eg the running of a café).

There is a concern that this will bring about increased liability and costs for Council established Arms-Length Organisations (ALEO’s). It should also be highlighted that nothing should discourage any link to promoting healthy lives through reduced access/use of public parks.
6. Section 5, intended as a measure to address a perceived “loophole” that enables owners of holiday homes to avoid both council tax and non-domestic rates by making it more difficult to enter a home on the roll (and, through this, to then claim relief under the small business bonus scheme).

The removal of this loophole is welcomed. The decision as to whether a property should be liable for Rates or Council Tax should lie with the assessor.

7. Sections 6-9, which aim to reduce the current high rate of valuation appeals, which the Scottish Government perceives as speculative. (Increasing the frequency of ratings revaluations in section 2 is also seen as a component of this reform.)

Fully support any action to increase the information available to ratepayers. Agree notices should be sent electronically wherever applicable. Proposals to alter, and appeals against, valuation roll – this is generally an issue for the assessors however, we agree in principle with the proposal to increase valuations following an appeal. This may prevent speculative appeals.

8. Section 10, which removes eligibility to claim charitable relief from non-domestic rates from mainstream independent schools, and section 11 which gives the Scottish Ministers the power to issue guidance to local authorities on the appropriate way to use their powers to grant sports club relief.

No comment.

9. Section 12, which aims to address what the Scottish Government describes as a known tax avoidance tactic concerning unoccupied or under-used properties.

Fully supportive of any regulations which address avoidance of rates payable on unoccupied properties.

10. Section 13, which will enable councils to initiate debt recovery proceedings for unpaid rates sooner.

Fully support any change which allows Local Authorities to commence recovery action sooner.

11. Sections 14, 18, 19 and 22, which together aim to strengthen the power of assessors to obtain the information they need to carry out their role, and sections 15, 16, 17, 20, 21 and 22 which give local authorities increased powers to obtain information from ratepayers, in order to ensure that the information they have is accurate, and to reduce the risk of fraud.
This approach is welcomed however it is expected that this will bring an additional administrative burden.

12. Part 4 of the Bill, which give the Scottish Ministers the power to make anti-avoidance regulations to prevent ratepayers gaining an advantage from avoidance arrangements that are considered artificial, and sets out definitions of “advantage” and “artificial”

This continues to be a growing issue and therefore powers for Scottish Ministers to make anti-avoidance regulations are very welcomed.

13. Do you have any other comments about the Bill? In particular, is there anything not in the Bill concerning non-domestic rates that should be in the Bill?

No further comments.