LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

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

SUBMISSION FROM SCOTTISH TOURISM ALLIANCE

ABOUT THE SCOTTISH TOURISM ALLIANCE

The Scottish Tourism Alliance (STA) is the representative body for Scotland’s tourism industry.

The focus of the STA is to shape and influence the creation of industry friendly policy through evidence to enable Scotland’s tourism industry to reach its growth potential. The STA represents the whole of Scotland’s tourism industry; our organisation comprises over 250 trade associations, businesses, destination groups and other organisations with an interest in tourism spread across all regions and destinations in Scotland. From suppliers to industry, producers, financial bodies, colleges and universities, local authorities to tourism businesses, our membership is wide and varied.

We are able to offer the best possible representation of the issues and challenges we face as an industry through continuous engagement with more than 70% of tourism businesses in Scotland and Scottish Government and policy makers.

The STA also leads the facilitation, co-ordination, ongoing development and delivery of the national tourism strategy.

RESPONSES

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

The Scottish Tourism Alliance (STA) welcomes the opportunity to contribute views on the Non-Domestic Rates (Scotland) Bill, having campaigned as part of a coalition for a reform of the business rates system with our counterparts, UK Hospitality and the Scottish Licensed Trade Association which successfully brought about the cap in the rates increase of 12.5% (real term). The STA supported the independent examination of the business rates system which led to the establishment of the Barclay Rates Review and submitted evidence throughout the review process.

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

Specific proposals in the Bill
The Committee welcomes views on:

While the STA is in support of the majority of the content of the Non-Domestic Rates (Scotland) Bill, we firmly advocate the view that the business rates system is still in need of reform. Scotland’s tourism industry continues to operate under enormous pressure (due to the rising costs of doing business, the costs of regulation on our industry, constrained domestic budgets, the threats that Brexit poses to our industry in numerous forms) and tourism businesses continue to be challenged in regard to the vast amount of money they are required to pay as a result of the calculation methodology for non-domestic rates.

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 every 5 years.

We have consistently suggested that three-year valuations should be introduced with the reduction to a one-year Tone Date. This is a positive move and one which the STA had pressed for throughout our campaigning process. Having a system that flexes with economic conditions over the course of the period from when valuations are undertaken to when they come into effect is a sensible approach and one which we are pleased to have seen adopted.

4. Section 3 of the Bill, which (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 Scottish Tourism Alliance is supportive of this proposal which will encourage investment and entrepreneurship within Scotland’s tourism industry.

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).

No view

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 STA acknowledges that all businesses should effectively be ‘paying their way’, especially businesses that may be enjoying an element of subsidy or relief. We feel
that in the interests of fairness, there may be a case for reviewing the Small Business Bonus Scheme (as proposed by Barclay) with a view to the introduction of a scheme whereby all business pay contribute in some form. We would however want that in any such review special dispensation or allowances be afforded to those small business operating in the tourism sector given the significance and dependency of the small tourism business contribution in helping grow and sustain a vibrant visitor economy especially in the rural communities.

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.)

The Scottish Tourism Alliance supports the move to reduce the rate of valuation 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 view.

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

All ratepayers should be valued at a fair and reasonable level and there should be no justification to subsidise other ratepayers. Rules should be transparent, applied equitably and there should be provision for appeal. The STA welcomes the Growth Accelerator and relief for unoccupied properties. We would advocate an approach that offers clarity for developers and ratepayers and makes very clear what the role of Scottish Assessors and councils is to allow consistency and flexibility. We are also of the view that the need for ratepayers to make applications for these measures should be removed to simplify the process further and reduce cost.

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

A six-month extension seems fair providing there is evidence to indicate that the current 42 days is leading to an abuse of the relief.

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.

We support legislation that allows assessors to have access to the most accurate information available to ensure a level playing field for all non-domestic rates payers and to reduce the risk of fraud and to make it easier and simpler to gather information from ratepayers in order to inform commercial property valuations.

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”.

Other

As above

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?

The STA is of the view that the business rates system should continue to flex with economic conditions, is competitive, that no ad hoc levies or supplements are introduced and that there is a plan introduced in the near future to lower the overall rates burden for tourism businesses.

We welcome the Finance Secretary’s rejection of a new rates levy on commercial premises out of town and particularly the proposals within the Bill for frequent revaluations of non-domestic properties.

Having a business rates system in place which decreases the likelihood of fluctuations in values between revaluations is welcomed; one which reduces the need for businesses to go through the appeal process. We do not believe it is right to charge businesses who wish to appeal against their valuations and at the very least, these charges should be refundable.

Rates are the highest in 20 years, significantly constraining the opportunities for tourism businesses to reinvest in their product to offer the ‘quality, authentic experience’ to visitors which lies at the heart of Scotland’s tourism strategy. The current rates system discourages entrepreneurship within the tourism industry and erodes profit and ambition for many tourism businesses.

The STA would like to see a substantially lower poundage rate, supported by a level playing field environment in relation to the large business supplement in England. The
current disparity significantly harms Scotland’s reputation for being ‘the most competitive place to do business’ and for being a destination for investment, particularly within the tourism sector.

The STA is also of the view that there should be a moratorium on any new or additional levies or supplements.

The business rates system needs to better reflect economic conditions and ensure a more accurate return from businesses.