

NON-DOMESTIC RATES POLICY: REJECT THE REVALUATION DELAY ORDER FROM SCOTTISH GOVERNMENT

Our Position:

The Scottish Chambers of Commerce Network is against the delay of the 2022 Non-Domestic Rates “NDR” Revaluation and we ask you to vote against the Revaluation Delay Order and support our solution.

Summary:

On 1st September 2020, the Scottish Government published the Programme for Government. SCC were shocked and surprised to learn of a planned delay to the 2022 NDR revaluation. The decision is clearly contrary to the key recommendation of the Barclay Review for more frequent Revaluations. This decision, again, was also made without adequate consultation with the business community. SCC, SPF and SBRG wrote to the Minister for Public Finance & Migration, Ben MacPherson MSP, on 19th August to express our shared concerns of any prospect of a revaluation delay and a meeting was coordinated for 3rd September to discuss this policy area with the Minister. Therefore, the decision to delay the revaluation was made ahead of the meeting without consultation with these organisations who jointly represent the majority of the business community and ratepayers in Scotland.

We believe this plan to delay the 2022 Revaluation will be disastrous for the Scottish economy.

The delay in the fair redistribution of Rateable Values through conducting another revaluation only in 2023 as opposed to 2022 could result in huge tax disparities within the Scottish economy. Given the last revaluation was in 2017 there will now be a 6-year gap between revaluations. This is double the aim of the Barclay Review for 3 yearly revaluations and cannot be justified.

The delay will inevitably result in difficult decisions being made such as branch closures, collapse of firms and job losses on an unprecedented scale for those areas and sectors currently suffering the most from the impact of Covid 19 which are in need of the earliest possible Rates Revaluation. Based on the proposed postponement of the 2022 Revaluation in the next 5 years only 1 revaluation will have taken place whereas 2 revaluations should be taking place in that same timeframe per the Barclay Review recommendations.

This is a critical time to ensure that the NDR system is fit for purpose and regular revaluations can play a part in supporting business growth by ensuring that the tax payable by businesses is proportionate to the ability to pay by being more aligned with the current market conditions they face. Indeed, the move to more regular revaluations was in the section titled “Measures to support business growth” in the Barclay Review report.

Delaying the Revaluation and having less regular revaluations can only therefore be seen as a measure that will prohibit business growth and will deter the economic recovery.

With this in mind, we cannot support this decision or the process in which it was reached.

Other Scottish Government Policy Decisions which have recently been taken in respect of Non-Domestic Rates without appropriate consultation with business community are:

- Restriction of Ratepayers rights to appeal on grounds of Material change of Circumstance “MCC”. This limits the grounds for appeals and the ability for the system to react to support business and the economy in extreme circumstances where more frequent revaluations are insufficient to support particular issues.
- Increasing the Level of Penalties imposed on ratepayers and third parties to eye-watering levels for failure to provide complex information to the Assessors. This could ultimately result in fines of up to 70% of RV which for example on £1m RV would be £700,000. This is unfair, punitive and completely disproportionate. This is coming in at a time when businesses and small business in particular can least afford additional strains, and this has yet to be communicated to businesses effectively yet is planned to be implemented by December 2020.

These policies were introduced by the Scottish Government during Stage 2 of the Non-Domestic Rates (Bill) without affording any consultation with the business community.

SCC Network’s Position on NDR policy:

The SCC Network have constantly called for the need for a more responsive rates system but have now become disillusioned with the Scottish Governments approach to NDR. We are particularly disappointed in its lack of consultation with the business community on plans to delay the 2022 Revaluation and on the other policies. These policies will in our view have a detrimental impact on business across the length and breadth of Scotland.

We have recently written to the First Minister resigning from our involvement in the Barclay Implementation Advisory Group as we feel the voice of business represented through experts on the group have been completely disregarded. We had no choice but to distance our organisation from being associated with these major policy changes which were brought in without proper consultation and in our view will make the system less responsive for ratepayers in light of Covid 19 and will hamper economic recovery.

A copy of our resignation letter can be found here: [SCC Letter of Withdrawal & Resignation - NDR 300920.pdf](#)

In the letter we have now asked for the Scottish Government to change course and do the following 3-point plan if the system is to regain the confidence of the business community

1. Reduce the significant and wide-ranging penalties to ratepayers and third parties
2. Reverse the new limitations of Scottish ratepayers MCC appeal rights
3. Carry out a Revaluation in 2022

What you can do as an MSP:

- **Vote against the Revaluation Delay Order;**
- Meet with the Scottish Chambers of Commerce and other Chambers to hear our views on necessary actions needed to ensure the NDR system can aid economic recovery;
- Write to Cabinet Secretary Kate Forbes supporting SCCs 3-point plan