

Citizen Participation and Public Petitions Committee
Wednesday 1 May 2024
7th Meeting, 2024 (Session 6)

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

Introduction

Petitioner Alan McLeod

Petition summary Calling on the Scottish Parliament to urge the Scottish Government to prevent all owners of self-catering holiday accommodation from obtaining rates relief under the Small Business Bonus Scheme.

Webpage <https://petitions.parliament.scot/petitions/PE2019>

1. [The Committee last considered this petition at its meeting on 28 June 2023.](#) At that meeting, the Committee agreed to write to Scottish Assessors Association, the Holiday Home Association, the Association of Scotland's Self-Caterers and the Scottish Government.
2. The petition summary is included in **Annexe A** and the Official Report of the Committee's last consideration of this petition is at **Annexe B**.
3. The Committee has received new written submissions from the Scottish Government and the Scottish Assessors Association which are set out in **Annexe C**.
4. [Written submissions received prior to the Committee's last consideration can be found on the petition's webpage.](#)
5. [Further background information about this petition can be found in the SPICe briefing](#) for this petition.
6. [The Scottish Government gave its initial response to the petition on 10 May 2023.](#)
7. Every petition collects signatures while it remains under consideration. At the time of writing, 20 signatures have been received on this petition.

Action

8. The Committee is invited to consider what action it wishes to take.

Clerks to the Committee
April 2024

Annexe A: Summary of petition

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

Petitioner

Alan McLeod

Date Lodged

22 March 2023

Petition summary

Calling on the Scottish Parliament to urge the Scottish Government to prevent all owners of self-catering holiday accommodation from obtaining rates relief under the Small Business Bonus Scheme.

Previous action

I have engaged with Highland Council and my local MSP.

Background information

All owners of "Self-catering holiday accommodation" should be refused the Small Business Bonus. All of us. This would mean that we would all be paying our way. This is only fair if we are all in this mess together. It would put us all onto a level playing field. Those operators who could not survive a rates bill should be eliminated from the market so that those of us who can survive can flourish and improve our quality and market price earned.

We should be net contributors to the Scottish economy. All of us; not just a few of us. By setting arbitrary sales targets of 70 days, the State is effectively redistributing rates from elite, high value, low volume operators to those inefficient operators applying for and receiving rates relief. This is not a legitimate Pareto Redistribution and therefore strikes at the heart of what the World Trade Organisation defines as Market Efficiency. The State should completely withdraw from this sector and ask us all to pay our rates.

Annexe B: Extract from Official Report of last consideration of PE2019 on 28 June 2023

The Convener: Our next petition, PE2019, which was lodged by Alan McLeod, calls on the Scottish Parliament to urge the Scottish Government to prevent all owners of self-catering holiday accommodation from obtaining rates relief under the small business bonus scheme.

The Scottish Government highlighted that reforms to the scheme were announced in the Scottish budget, aiming to make it the most generous scheme in the UK. Those reforms took effect from 1 April this year and provide 100 per cent relief for properties with a cumulative rateable value of up to £12,000, and the upper rateable value for individual properties to qualify for relief was extended from £18,000 to £20,000.

A consultation on council tax for second and empty homes has been published. It seeks views on the current thresholds for properties to be classified as self-catering accommodation and liable for non-domestic rates. It invites comments on the non-domestic rates system for such properties.

Do members have any comments?

David Torrance: I suggest that we write to the Scottish Assessors Association, the Holiday Home Association and the Association of Scotland's Self-Caterers to seek their views on the action that is called for in the petition. We should also write to the Scottish Government to ask whether it will consider adding self-catering holiday accommodation to the list of properties that are unable to qualify for the small business bonus scheme, and whether it will consider any other legislative changes—such as changes to the definition of self-catering holiday accommodation and the 70-day rule—that could address the issue raised in the petition.

The Convener: I would be content if we did that on the basis that we would be asking the Scottish Government whether it will consider taking into account the petitioner's call for action in that regard—I would not want to give the impression that the committee had taken evidence that led us to advocate that course of action. With that qualification, does that meet with the agreement of the committee?

Members *indicated agreement.*

Annexe C: Written submissions

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.

Scottish Assessors Association submission of 18 August 2023

PE2019/C: Withdraw rate relief under the Small Business Bonus Scheme from Holiday Let Accommodation

I refer to your letter dated 24 July 2023 inviting the Scottish Assessors Association to comment on the action called for in the abovenamed petition.

Whilst we are grateful for the opportunity to comment on the petition, the Scottish Assessors Association are of the view that the charging and collection of rates is a matter for the 32 Local Authorities in Scotland and as such is not a matter for Assessors. We therefore are of the view that it is not appropriate for Assessors to make comment on the petition.