

Small Business Bonus Scheme 2009-10



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This leaflet will tell you about the Small Business Bonus Scheme, a rates relief which was introduced in Scotland on 1 April 2008. The Small Business Bonus Scheme has replaced the Small Business Rates Relief Scheme.

Why has the Scottish Government introduced the Small Business Bonus Scheme?

The Scottish Government is committed to creating an environment in which small businesses in Scotland can flourish, underpinned by a fair taxation system.

Small businesses sit at the heart of our local economies, and the Scottish Government is determined to help them gain a competitive advantage. There is evidence that rates account for a higher proportion of overheads of small businesses than they do for larger businesses. The Small Business Bonus aims to target additional help at genuinely small businesses.

What Small Business Bonus relief is available?

The Small Business Bonus Scheme has, from 1 April 2008, progressively reduced the rates burden for businesses with properties **of which the combined rateable value is £15,000 or less.**

The Scheme will be delivered in full by April 2009. Relief rates from 2009-10 onwards are set out below:¹

Combined rateable value of all business properties in Scotland	Percentage relief available, subject to eligibility
up to £8,000	100%
£8,001 to £10,000	50%
£10,001 to £15,000	25%

The level of relief for each business will depend on:

- (i) the **combined** rateable value of **all** properties in Scotland of which the business is in rateable occupation or (if vacant) which the business is entitled to occupy;
- (ii) whether or not each property is eligible for one of the existing rates relief schemes; and
- (iii) the level of other public sector assistance received by the business.

¹ Thresholds for 2010-11 may be subject to change as a result of the Non-Domestic Rate Revaluation which will take effect from 1 April 2010.

Do I need to apply for the Small Business Bonus Scheme?

Yes. The Small Business Bonus is an application-based scheme – you will have to apply to each local authority in which your business has a property. **If an application form is enclosed with this leaflet, please complete and return it as soon as possible. You can obtain additional application forms from the relevant local authority(s).**

It is your duty to inform the relevant local authority(s) of any change in circumstances which may affect your eligibility for the Small Business Bonus Scheme.

If I currently receive Small Business Bonus relief, will I need to apply for future years?

No. Provided your circumstances haven't changed and your local authority holds all the information it needs about your business property (or properties), you won't need to re-apply for relief under the Small Business Bonus Scheme every year. Local authorities may carry out a review periodically to ensure that the information held about your business properties is complete, accurate and up-to-date. Relief can only be awarded for a maximum period of 5 years without a review being undertaken.

What if my business has more than one property?

If your business has a number of small properties (whether occupied or not), then their rateable value will be combined in order to determine the percentage relief available to you under the Small Business Bonus Scheme.

If their combined rateable value exceeds £15,000, then you won't qualify for the Small Business Bonus Scheme, as the new Scheme has been designed to target relief at the smallest businesses.

What if I already receive other rates reliefs?

If you are already in receipt of one of the other non-discretionary (mandatory) rates reliefs (or discretionary relief for not-for-profit recreation clubs), then that relief will be deducted from the notional amount of Small Business Bonus available.²

This means that you will receive relief up to the level of whichever relief scheme awards the **higher amount**, *i.e.* whichever is the **greater of**:

- a. existing rates relief under other schemes; and
- b. relief under the Small Business Bonus Scheme.

Relief under the Small Business Bonus Scheme does not affect your eligibility for other discretionary rates reliefs, such as the discretionary element of charitable relief, rural relief; and hardship relief, which will be applied **after** all non-discretionary reliefs.

What if I receive other public sector assistance?

If your business has received other public sector assistance you may be subject to State aid rules. Ask your local authority(s) for advice if you think this may apply to you.

Who pays for the Small Business Bonus?

The additional cost of the Small Business Bonus will be met by the Scottish Government. Larger businesses will continue to make a small contribution towards the cost of the Scheme by a modest supplement on the rate poundage for all subjects with a rateable value above £29,000. In 2009-10 this supplement will be 0.4p on rate poundage of 48.1p.

² The other rates reliefs which will be taken into consideration are: empty property relief; rural rate relief; derating allowance (stud farms); charitable rate relief; disabled persons rate relief; and discretionary relief for not-for-profit recreation clubs.

Examples: Small Business Bonus 2009-10

Examples illustrating the Scheme are given below:

Example 1: Single property

You have a shop with a rateable value of £4,000. You have no other business properties in Scotland.

Small Business Bonus relief available = 100%

Rates payable =

Rateable value x (100% - percentage relief) x poundage rate
= £4,000 x 0% x 48.1p = £0

Example 2: More than one property - single local authority area

Your business has three shops in South Ayrshire, each with a rateable value of £4,000. You have no other business premises in Scotland.

Small Business Bonus relief of 25% would be awarded based on a combined rateable value of £12,000.

Rates payable = £12,000 x 75% x 48.1p = £4,329

Example 3: More than one property - more than one local authority area

Your business has two offices, one in Edinburgh and one in Glasgow, with rateable values of £4,000 and £5,000 respectively. You have no other business premises in Scotland.

Small Business Bonus relief available is 50% based on a combined rateable value of £9,000.

Rates payable: Edinburgh = £4,000 x 50% x 48.1p = £962

Rates payable: Glasgow = £5,000 x 50% x 48.1p = £1,202

Example 4: Single property eligible for relief under a rural rates relief scheme

You operate a post office in a designated rural area with a rateable value of £7,000 and are currently in receipt of 50% rural rate relief.

Rural rate relief available is 50% (non-discretionary).

Small Business Bonus relief would be available at 100%, but this is reduced to 50%, because you are already receiving rural rate relief at 50%.

Rates payable = £7,000 x 0% x 48.1p = £0

Note: In **Example 4**, you could have applied for Small Business Bonus relief only instead of both Small Business Bonus and rural rates relief, and you would have received exactly the same level of (non-discretionary) relief.

Example 5: Two properties, one occupied, one empty

Your business has two shops, one with a rateable value of £2,500 and the other with a rateable value of £7,000. The larger shop has been empty for more than three months and you are therefore in receipt of empty property relief of 50% (non-discretionary).

Smaller shop: Small Business Bonus of 50% would be available, based on combined rateable value of £9,500.

Rates payable = £2,500 x 50% x 48.1p = £601

Larger shop: Small Business Bonus would be available at 50%, but this is reduced to **nil**, because you are already receiving empty property relief at 50%.

Rates payable = £7,000 x 50% x 48.1p = £1,683

Further information?

To request an application form, discuss eligibility or for queries about your non-domestic rates bill, please contact your local authority.

A contact list for local authorities can be found on the non-domestic rates pages of the Scottish Government website at:

<http://www.scotland.gov.uk/Topics/Government/local-government/17999/11199/contact>

Please note that the Scottish Government cannot supply application forms or answer queries relating to individual applications. For other enquiries please contact:

Scottish Government
Business Rates Enquiries
Area 3-J (North)
Victoria Quay
EDINBURGH
EH6 6QQ

Email: business.rates.enquiries@scotland.gsi.gov.uk

This leaflet is also available on the Scottish Government website: www.scotland.gov.uk

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ISBN: 978-0-7559-8001-7

RR Donnelley B59538 02/09

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