

Small Business Bonus Scheme 2008-09



The Scottish
Government

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This leaflet will tell you about the Small Business Bonus Scheme, a new rates relief which is being introduced in Scotland on 1 April 2008. The Small Business Bonus Scheme replaces the Small Business Rates Relief Scheme.

Why is the Scottish Government introducing 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 turnover 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 will, from 1 April 2008, progressively reduce 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. **Projected** relief rates for each of the next three years are set out below: ¹

Combined rateable value of all business properties in Scotland	Percentage relief available, subject to eligibility		
	2008-09	2009-10	2010-11
up to £8,000	80%	100%	100%
£8,001 to £10,000	40%	50%	50%
£10,001 to £15,000	20%	25%	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 (see below).

¹ Thresholds for 2010-11 may be subject to change as a result of the Revaluation planned for 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 area 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 council(s).

You may also wish to note that councils have discretion to award relief under the Small Business Bonus Scheme provided they are satisfied that the information they already hold on each of your business's properties in Scotland is complete, accurate and up-to-date. In case of doubt, you should contact the relevant council(s) to confirm whether you will have to complete a new application form.

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

If I receive Small Business Bonus relief this year, will I need to apply again next year?

No. Provided your circumstances haven't changed and your council 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. Councils 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 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, 3}

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 (mandatory) reliefs.

What if I receive other public sector assistance?

If your business has received other public sector assistance in excess of €200,000 (approximately £150,000) over a rolling three-year period (the *de minimis* limit for State aid), it is possible you may not qualify for relief under the Scheme. Ask your council(s) for advice if you think this may apply to you.

What else is different compared with the old scheme?

Under the former Small Business Rate Relief Scheme, all properties with a rateable value of £11,500 or less received automatic rate relief of 5%, whatever the combined rateable value of all the business's properties. This is no longer the case, as the new Scheme has been designed to target the smallest businesses.

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 2008-09 this supplement will be 0.4p on rate poundage of 45.8p.

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 (from 2008-09) discretionary relief for not-for-profit recreation clubs.

³ Farm diversification relief is no longer available from 2008-09, but previous recipients should be eligible for relief under the Small Business Bonus Scheme.

Examples: Small Business Bonus 2008-09

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 = 80%

Rates payable =

Rateable value x (100% - percentage relief) x poundage rate
= £4,000 x 20% x 45.8p = £366

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 20% would be awarded based on a combined rateable value of £12,000.

Rates payable = £12,000 x 80% x 45.8p = £4,396

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 40% based on a combined rateable value of £9,000.

Rates payable: Edinburgh = £4,000 x 60% x 45.8p = £1,099

Rates payable: Glasgow = £5,000 x 60% x 45.8p = £1,374

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 80%, but this is reduced to 30%, because you are already receiving rural rate relief at 50%.

Rates payable = £7,000 x 20% x 45.8p = £641

Note: In **Example 4**, you could have applied for Small Business Bonus relief only instead of both Small Business Bonus relief 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 40% would be available, based on combined rateable value of £9,500.

Rates payable = £2,500 x 60% x 45.8p = £687

Larger shop: Small Business Bonus would be available at 40%, but this is reduced to **nil**, because you are already receiving empty property relief at 50%.

Rates payable = £7,000 x 50% x 45.8p = £1,603

Further information?

Specific queries about your individual bill, or a request for an application form, should be addressed to your local authority. For general enquiries about the Small Business Bonus, please contact:

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

Email: Business.Rates.Enquiries@scotland.gsi.gov.uk

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