



## Scotland – February 2021

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#### ***Budget: Business rates relief ‘scratches surface’ of help needed***

A three-month extension of business rates relief will merely scratch the surface of the support needed to keep many north east firms afloat and will provide only a "stay of execution", industry leaders say.

Finance secretary Kate Forbes told MSPs that non-domestic rates relief could be extended further if the UK Government makes a similar move in March, as she announced the Scottish Government’s budget plans on Thursday.

Businesses have called on the Scottish Government to extend relief for a full 12 months but Ms Forbes argued that while ministers would be “very keen” to do that, it would not be “affordable” without consequential spending in England.

The finance secretary confirmed the poundage rate of non-domestic rates will be reduced in Scotland for the first time in the history of devolution, to 49p, an “unprecedented step” she said would save firms more than £120 million.

#### **Budget business rates relief**

Ms Forbes said the measures set out in her budget were “about striking the right balance between raising the revenue required to fund our public services and supporting the economic recovery through targeted interventions”.

Russell Borthwick, chief executive of Aberdeen and Grampian Chamber of Commerce, said the new measures “will create some limited breathing room for firms” but added it is “painfully clear that three months of additional relief will only scratch the surface of the support needed by these sectors to rebuild post-pandemic”.

Business rates are based on valuations completed in 2015, before the oil and gas downturn, and are no longer representative of trading circumstances in the north east but MSPs voted last month to delay revaluations by at least another year.

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The region has been dealt a further blow as the out-of-date figures have left many businesses with rateable values that lock them out of accessing support set up to help struggling firms during the coronavirus pandemic.

Mr Borthwick said that while the poundage reduction is welcome, it does little to address the “systemic unfairness” in rateable values affecting the north east.

“Recent data continues to highlight that the north east of Scotland has faced a disproportionate decline in employment due to the pandemic and so we welcome a continued focus on jobs – particularly green jobs,” Mr Borthwick said.

“While the chamber welcomes investment in our region through initiatives like the Energy Transition Fund, the Scottish Government must continue to engage pragmatically with our region and the oil and gas sector to ensure that government policy supports a just transition for the north east.

“Although this budget sets out some temporary respite, for many businesses without further action this short reprieve will simply be a stay of execution.”

Mr Borthwick called on the Scottish Government to urgently publish a route map of the process for reopening the economy or else risk “a wave of business failures and a much harder journey to rebuild our economy in the years to come”.

He added: “We are rightly in a race to vaccinate the population rapidly to protect public health, but we must be under no illusions that we are also in race to save thousands of businesses across the UK.”

Business leaders in the north east hope to secure a region-specific rates deal and Ms Forbes said on Thursday that she was open to meeting with Aberdeen Donside MSP Mark McDonald to discuss the plan in more detail.

Ms Forbes said the decision to extend the transition relief provided to Aberdeen businesses was taken because the revaluation had been further delayed but added that the extended reliefs “will hopefully be very helpful”.

Speaking later, Mr McDonald said his office had been inundated with messages from businesses who are “essentially treading water” and are asking how they can access support packages to help them survive.

“I’m encouraged that the cabinet secretary is willing to meet with me to discuss these issues further and hopefully she might look at some regional flexibilities, particularly around the thresholds for business support,” Mr McDonald said.

“Because when you look at numbers of businesses in the north east, in Aberdeen particularly, that qualify for the small business bonus, it is a fraction compared to elsewhere in Scotland.

“We need to do something to ensure that businesses in the north east are not being hit with a double whammy of a rates revaluation delay and thresholds for business support that continue to lock them out of much needed financial help.”

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