

## Response ID ANON-DXUG-TAVP-K

Submitted to Non-domestic rates: decapitalisation rates for the 2023 revaluation  
Submitted on 2022-03-11 16:06:11

### Whether to prescribe the decapitalisation rate

1 Should the Scottish Government continue to prescribe decapitalisation rates to be used for the contractor's basis method of valuation at the 2023 revaluation?

Please give us your views:

UKPIA and our members encourage the Scottish Government to continue prescribing the appropriate decapitalisation rate for the 2023 revaluation. The prescribed rates are well established in practice. Since the prescription has been set by Government since the 1990 Revaluation, there is now little debate to the appropriate rate to be adopted for the Non-Domestic properties valued using the contractor's method.

The continued prescription removes any dubiety, reducing expensive litigation from both the Scottish Assessors and the Ratepayers perspective provided if it is set fairly and within the context of established case law and provides the Scottish Government with an element of certainty of rateable values to assist in formulating budgetary forecasts.

Without the prescription of the statutory decapitalisation rate, there will be delays in the disposal of proposals/appeals and appeals will be required to be referred to the Lands Tribunal or be determined by the Courts.

### Decapitalisation Rates - Levels and Groupings

2 Should the Scottish Government continue to prescribe two decapitalisation rates?

Please give us your views:

We have no objection to the Scottish Government continuing to prescribe two rates for the 2023 Revaluation with acknowledgement that the public sector organisations having cheaper access to finance in comparison to commercial organisations.

If the Government were not to prescribe two separate rates, this would likely lead to appeals to requiring determination through the tribunal process that could take a considerable time and expense to resolve.

3 If prescribing two decapitalisation rates, should the Scottish Government continue to maintain the current groupings of properties in each rate?

Please give us your views:

There is a difference in the application of the lower decapitalisation rate for certain classification of properties in comparison to England, Wales, and Northern Ireland.

We would encourage changes to the existing prescribed rates to create a consistent approach. The Scottish Government should ensure that the treatment of Non-Domestic properties in Scotland is consistent with that elsewhere in the rest of the UK and prevent Scottish Ratepayers being unfairly penalized with an excessive tax burden.

### Appropriate rate(s) for the 2023 revaluation

4 Do you have any further views on the decapitalisation rates for the 2023 revaluation?

Please give us your views:

The outcome of the 2017 Revaluation Scottish consultation set the appropriate decapitalisation rates higher than the equivalent rates adopted in other locations in the UK.

Most of our sector properties are valued using the contractors' method of valuation adopting the commercial statutory set decapitalisation rate at 4.6% for the 2017 Revaluation. The sector in Scotland, therefore, has been at a competitive disadvantage to competing businesses in England and Wales who have had equivalent rates for the 2017 Revaluation at 4.4% for England and 3.8% for Wales.

The use of 4.6% for Scotland, approximately 5% higher than the equivalent rate in England for the 2017 Revaluation left the sector with a higher and unwelcome tax burden in comparison with the similar properties elsewhere in the UK.

The Scottish Government should have regard to the outcome of the Welsh Assembly's consultation confirming the prescribed decapitalisation rates for the 2023 revaluation, when setting the appropriate rates in Scotland.

The Welsh Assembly have reduced the rates for 2023 to a standard rate at 3.4% (reduced from 3.8%) and Crown property at 1.9% (reduced from 2.1%). This is the equivalent of a 10% reduction in the appropriate rates from the 2017 Revaluation.

On the evidence of materially lower rates adopted and that adopted elsewhere in the UK, we consider the current rates as established for the 2017 Revaluation to be excessive and we would recommend the Scottish Government reduce the current prescribed rates to levels consistent with Wales. We are of the strong opinion that the current levels will be excessive for the 2023 Revaluation.

With the difficulties and uncertainty created by the COVID-19 Pandemic, together with the material increase in costs that will be a factor in these valuations we recommend to the Scottish Government that it is therefore essential that a lower decapitalisation rate is adopted from the current levels of 4.6% to ensure that Scottish Ratepayers are not disadvantaged in comparison to elsewhere in the UK.

The Scottish Government also need to consider the affordability when considering setting the appropriate rates for the 2023 Revaluation as the country exists out of this period of uncertainty and transition from COVID-19 Pandemic.

We ask the Scottish Government set rates that would not put our sector or the wider Scottish Taxpayer at any competitive disadvantage in comparison to

other parts of the UK for the duration of the 2023 revaluation in.

Along with the outcome of this consultation, we ask the Scottish Government to provide detailed reasoning with a clear and transparent analysis undertaken in setting the appropriate rates.

We recommend the Scottish Government to adopt the rates like that set by the Welsh Assembly at 3.4% and 1.9% for the 2023 Revaluation.

## About you

What is your name?

Name:

Jamie Baker

What is your email address?

Email:

jamie.baker@ukpia.com

Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

UK Petroleum Industry Association

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response with name

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

I confirm that I have read the privacy policy and consent to the data I provide being used as set out in the policy.

I consent

## Evaluation

Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)

Matrix 1 - How satisfied were you with this consultation?:

Very satisfied

Please enter comments here.:

Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:

Very satisfied

Please enter comments here.: