Barclay Review of Business Rates

General Features

01 October 2017

The Barclay Review of Business Rates published its final report and recommendations to the Scottish Government at the end of August. The CIOT had provided the review with written and oral evidence during the course of its work on the guiding principles and practicalities behind reform of the system.

In August, the Scottish Government commissioned a review into Scotland's business rates system and issued its final report and recommendations.

The Barclay Review had been tasked by Scottish Ministers 'to make recommendations that seek to enhance and reform non-domestic rates system in Scotland…whilst still retaining the same level of income to deliver local services upon which businesses rely'.

The review made 30 recommendations to Ministers, grouped under three broad categories:

Supporting economic growth

Measures recommended include three-yearly revaluations (from 2022), a 12-month delay on rate increases for properties that have been expanded or improved and also before rates apply to new build properties. The review also recommends reducing the large business supplement, targeted support for nurseries, town centres and a separate review of plant and machinery valuations.

Improving ratepayer experience and administration

A series of measures aimed at improving the administration and experience of the system are recommended. These include; improved consultation, engagement and

information sharing between assessors and ratepayers and a more transparent, consistent and standardised approach across councils. The group has recommended the creation of a Scotland-wide body accountable to ministers if this is not achieved voluntarily. Measures to reform the appeals system, increase the uptake of online billing and improve the collection of information and debt recovery are also suggested.

Increasing fairness and ensuring a level playing field

The Barclay Review recommends a series of actions to tackle avoidance and retain the integrity of the business rates regime. A General Anti-Avoidance Rule is recommended in addition to specific measures targeted at ‘known’ avoidance measures. Rates relief measures should be more closely monitored and the Scottish Government should be responsible for checking rates relief to ensure compliance with legislation.

In our response last year, the CIOT did not recommend any particular course of action or policy for the Scottish Government to adopt, setting out instead some guiding principles and drawing attention to the practical issues that the group should consider in respect of consultation, administration and collection of any reformed tax. The CIOT submission is available on the CIOT website.