

## RESPONSIVENESS, FAIRNESS, CERTAINTY & CONSISTENCY NEEDED FOR BUSINESS TAXATION

Today, the Scottish Chambers of Commerce (SCC), representing the business voices of 27 local Chambers of Commerce, comprising 12,000 members, has published its letter to Members of the Scottish Parliament. The letter comes ahead of the final Stage 3 Vote on the Non-Domestic Rates (Scotland) Bill, expected to take place over the next few weeks.

SCC has called for responsiveness, fairness, certainty and consistency as the core principles for business taxation policies.

The text of the letter is as follows:

Dear MSP,

The Scottish Chambers of Commerce has consistently called for reform of Scotland's non-domestic rates (NDR) system to ensure it provides a fair and responsive system for companies across Scotland. Businesses play a critical role in creating jobs and generating taxes, and it is our belief that the NDR system must have fairness, certainty and consistency as the core principles behind its operation.

We have been raising the business voice on reforming the NDR system through various forums including participation with the Barclay Review, engagement on the Barclay Review Implementation Group, and written submissions on this topic to Scottish Parliament Committees ahead of Stage 3 of the Non-Domestic Rates (Scotland Bill).

### Changes to Scottish ratepayers appeal rights

One of the major barriers to a more flexible, responsive system outside of the revaluation cycle is the '**material change of circumstance**' appeal law. Currently, the lack of clarity on this law in Scotland means that there is no clear resolution for firms caught up in major economic events, whether that is the 2009 recession, the latest major oil and gas downturn, or potentially, a disorderly Brexit. We called for a comprehensive independent review of this law. **Instead, an amendment brought forward by the Scottish Government at Stage 2 has the effect of completely removing Scottish Ratepayers appeal rights when there is a change in economic circumstances.** This amendment came without the proper consultation or consideration with the ratepayers that it would affect, and now guarantees a more inflexible system to market changes and undermines the move to 3 yearly revaluations and is contrary to case law.

Without a thorough independent review of the "material change of circumstance" appeal rights and the timetable order governing them, then the Scottish Government's stated aim of a rates system that responds to changing marketplaces will forever be weakened and leave the Scottish NDR system in a highly inflexible state, and the appeal system will be the most unresponsive in the whole of the UK, which is not a desirable position.

### New assessor powers

In addition to the damaging amendment to Scottish Ratepayers appeal rights, **the new powers granted to Assessors to request information from ratepayers and other parties** are worrying. In particular, the level of penalties for non-compliance and short-time period for compliance appear extremely onerous, specifically for small business owners who often do not understand what information is being requested and for what

purpose. The level of fines proposed have increased dramatically via amendments put forward by the Scottish Government at Stage 2 of the Bill.

**We strongly urge the Scottish Parliament to consider reviewing the proposed penalty system against that which exists in England where the time limits for completion and fines for failure appear to be more reasonable and proportionate.**

### **Levying of rates to local authorities**

In its current form, the Bill also sets out to **devolve control of the range of rate powers to local authorities**, which is currently set by the Scottish Government. As drafted, this has caused significant concern with the Bill as it stands putting national reliefs such as the Small Business Bonus Scheme and the Business Growth Accelerator in jeopardy. These changes would be transformative in nature, could create an uneven playing field for businesses and create further complexity. Therefore, we urge you to consider the importance of minimising the potential impact this would have on businesses across Scotland, ahead of the Stage 3 vote in January 2020.

As a Network, we are mindful of calls for greater regional powers which continue to be a feature of our discussions with members, with varying opinions across our Chamber business communities. What is clear is that transformative changes such as this should be subject to significant scrutiny, taking into consideration the significant changes this could bring to the business environment. The Scottish Chambers of Commerce Network is committed to facilitating detailed dialogue and meaningful conversations on local level autonomy and additional powers as possible mechanisms to support businesses in Scotland.

**With regards to the Non-Domestic Rates (Scotland) Bill, we urge all parliamentarians to consider putting forward amendments at Stage 3 of the process that will ensure these transformative, potentially damaging changes to business communities across Scotland are given the proper consultation and scrutiny that they should warrant, and reversed where necessary.**

We look forward to engaging in meaningful dialogue with you to ensure we have a Non-Domestic Rates system that is supportive of businesses and long-term economic growth in Scotland.

On behalf of the Scottish Chambers of Commerce Network,



Liz Cameron OBE

Director/Chief Executive

Scottish Chambers of Commerce



Brian Rogan

Chair

SCC Business Rates Advisory Group