

Citizen Participation and Public Petitions Committee
Wednesday 19 February 2025
3rd Meeting, 2025 (Session 6)

PE2019: Withdraw rates relief under the Small Business Bonus Scheme from Holiday Let Accommodation

Introduction

Petitioner Alan McLeod

Petition summary Calling on the Scottish Parliament to urge the Scottish Government to prevent all owners of self-catering holiday accommodation from obtaining rates relief under the Small Business Bonus Scheme.

Webpage <https://petitions.parliament.scot/petitions/PE2019>

1. [The Committee last considered this petition at its meeting on 1 May 2024](#). At that meeting, the Committee agreed to write to the Scottish Government.
2. The petition summary is included in **Annexe A** and the Official Report of the Committee's last consideration of this petition is at **Annexe B**.
3. The Committee has received new written submissions from the Scottish Government, and the Petitioner, which are set out in **Annexe C**.
4. [Written submissions received prior to the Committee's last consideration can be found on the petition's webpage](#).
5. [Further background information about this petition can be found in the SPICe briefing](#) for this petition.
6. [The Scottish Government gave its initial response to the petition on 10 May 2023](#).
7. Every petition collects signatures while it remains under consideration. At the time of writing, 21 signatures have been received on this petition.

Action

8. The Committee is invited to consider what action it wishes to take.

Clerks to the Committee
February 2025

Annexe A: Summary of petition

PE2019: Withdraw rates relief under the Small Business Bonus Scheme from Holiday Let Accommodation

Petitioner

Alan McLeod

Date Lodged

12 April 2023

Petition summary

Calling on the Scottish Parliament to urge the Scottish Government to prevent all owners of self-catering holiday accommodation from obtaining rates relief under the Small Business Bonus Scheme.

Previous action

I have engaged with Highland Council and my local MSP.

Background information

All owners of "Self-catering holiday accommodation" should be refused the Small Business Bonus. All of us. This would mean that we would all be paying our way. This is only fair if we are all in this mess together. It would put us all onto a level playing field. Those operators who could not survive a rates bill should be eliminated from the market so that those of us who can survive can flourish and improve our quality and market price earned.

We should be net contributors to the Scottish economy. All of us; not just a few of us. By setting arbitrary sales targets of 70 days, the State is effectively redistributing rates from elite, high value, low volume operators to those inefficient operators applying for and receiving rates relief. This is not a legitimate Pareto Redistribution and therefore strikes at the heart of what the World Trade Organisation defines as Market Efficiency. The State should completely withdraw from this sector and ask us all to pay our rates.

Annexe B: Extract from Official Report of last consideration of PE2019 on 1 May 2024

The Convener: PE2019, which was lodged by Alan McLeod, calls on the Parliament to urge the Scottish Government to prevent all owners of self-catering holiday accommodation from obtaining rates relief under the small business bonus scheme. We last considered the petition on 28 June last year, when we agreed to write to the Scottish Assessors Association, the Holiday Home Association, the Association of Scotland's Self-Caterers, and the Scottish Government.

We asked the Scottish Government whether it would consider adding self-catering holiday accommodation to the list of properties that are unable to qualify for the small business bonus scheme. Its response outlines the current arrangements for self-catering holiday accommodation but does not provide any indication of its position on the petition. Its submission notes that a consultation on council tax for second and empty homes invited views on the thresholds that apply for self-catering accommodation to be liable for non-domestic rates, and that the responses were being analysed at the time of the submission.

I am very disappointed in the Government's response. What is the point of sending us a response that is almost like a public information leaflet but does not address in any way, either positively or negatively, the ask of the petition and the question that we put? I would therefore like to go back to the Government in a direct way and say that the committee does not at all appreciate receiving a statement that we could reasonably have downloaded from the internet; we are asking about an instrument of future policy relating to the ask of the petition; and we would appreciate the Government's views on the petition as put.

David Torrance: I endorse everything that you have said. There is nothing in that submission to say whether the Government is for or against the petition. We are left in limbo. We should definitely go back to the Government and ask it whether it supports the petition and, if not, why not.

The Convener: We would much prefer that to a cut and paste from the internet.

Annexe C: Written submissions

Scottish Government written submission, 13 June 2024

PE2019/D: Withdraw rates relief under the Small Business Bonus Scheme from Holiday Let Accommodation

Thank you for your letter of 17 May requesting further clarity on the Scottish Government's view on the above petition and questions previously raised by the Committee.

The Scottish Government is committed to maintaining the Small Business Bonus Scheme (SBBS) for 100,000 properties for the duration of this parliament. The Budget 2024-25 continues to support businesses in Scotland with a competitive non-domestic rates relief package, including maintaining SBBS which offers up to 100% relief for properties which meet the eligibility criteria with the exception of car parks, car spaces, advertisements, and betting shops.

As noted previously, the Scottish Budget 2023-24 announced reforms to SBBS, whilst ensuring it remains the most generous scheme of its kind in the UK. As such, the Scottish Government has no plans to add "self-catering holiday accommodation" to the list of properties ineligible for Small Business Bonus Scheme relief at this time. The Scottish Government therefore does not support Petition PE2019 which calls for the withdrawal of SBBS relief from holiday let accommodation.

Following consideration of responses to the Consultation on Council Tax for second and empty homes, which invited views on the thresholds at which self-catering accommodation becomes classed as non-domestic self-catering accommodation liable for non-domestic rates, Scottish Ministers concluded that they would not change the threshold requirements in 2024-25 as it is still too early to assess the impact of the recent changes to the thresholds. Legislative changes were however introduced, with effect from 1 April 2024, to provide clarity and consistency around the requirements.

[The Council Tax \(Dwellings and Part Residential Subjects\) \(Scotland\) Amendment Regulations 2024](#) introduced a time period within which evidence of intention to let, and/or actual letting, of self-catering holiday accommodation must be supplied to the assessor in order for a determination to be made over whether it is a non-domestic property, as well as clarifying the consequences if evidence is not provided within the required timescale following a request. The regulations also changed the unit of measurement from days to nights to reflect that accommodation providers generally take bookings and charge on the basis of a number of nights. These changes seek to support an efficient and effective process and help ensure that only self-catering accommodation which meets the criteria is on the valuation roll.

The Scottish Government is committed to keeping all recently implemented NDR reforms, such as changes to the thresholds for SBBS relief, under review to ensure that the NDR system effectively supports businesses and communities. This would include considering any recommendations on Non-Domestic Rates policy made by the Scottish Parliament and carrying out a detailed assessment in the context of the Framework for Tax principles and the New Deal for Business which would require

early engagement with business to ensure that the impact on business is fully understood.

Local Government and Analytical Services Division

Petitioner written submission, 19 June 2024

PE2019/E: Withdraw rates relief under the Small Business Bonus Scheme from Holiday Let Accommodation

Regarding PE2019/D: Scottish Government submission, 13 June 2024, may I please comment as follows:

In December 2023, the BBC reported that “Local authorities are at risk of bankruptcy if funding from the Scottish Government is not improved. COSLA issued the warning in a briefing paper ahead of the Scottish budget on 19 December. The local government body said councils need nearly £14.4bn in the budget just to ‘stand still’.”

This reference (among many others) is here - <https://www.bbc.co.uk/news/uk-scotland-scotland-politics-67611177#:~:text=Local%20authorities%20are%20at%20risk%20of%20bankruptcy%20if,%C2%A314.4bn%20in%20the%20budget%20just%20to%20%22stand%20still%22.>

Clearly, the fiscal position has changed since I submitted my Petition. Local Authorities and Government now have a more pressing duty to fund and provide critical services. Awarding market-distorting rates relief to businesses who secure economic advantage from state-provided infrastructure is unfair to those citizens being denied critical care and service, e.g. Child and Adolescent Mental Health Services (CAMHS).

Petitioner written submission, 27 January 2025

PE2019/F: Withdraw rates relief under the Small Business Bonus Scheme from Holiday Let Accommodation

To further support my petition, I should like to draw the Committee’s attention to the Association of Scotland’s Self-Caterers (ASSC) and BiGGAR Economics report published on 12th December 2024. The ASSC press release states that “A new independent analysis from respected Scottish consultancy, BiGGAR Economics, reveals the substantial positive economic impact of Scotland’s self-catering industry which was also shown to have a negligible effect on housing.”

Key findings by BiGGAR include:

- i. Short-term lets (STLs) contribute £864 million in Gross Value Added (GVA) annually to the Scottish economy and support 29,324 jobs.
- ii. Each STL generates on average £32,400 additional GVA per property compared to residential use.

CPPP/S6/25/3/6

I would like to propose to the Committee that my petition makes sound fiscal sense given the relatively low cost of having to pay business rates compared to the GVA earned per property.

I once again commend my petition to the Committee; first and foremost because the existing regime is market distorting where there is no market failure.