# NON-DOMESTIC RATES DISCRETIONARY RELIEF POLICY

## Policy Summary

This policy provides guidance to ratepayers on the Council's approach to the use discretionary non domestic relief powers, including eligibility criteria evidence requirements, decision making principles and the financial considerations that will apply when relief is awarded locally.

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| **Policy Status** | **Approved and finalised by the committee on 17/09/2026** |
| **Responsible Officer** | Gail Smith, Revenues Finance Manager |
| **Policy Sponsor** | Mary Beattie, Head of Finance |
| **Authorised By** | Business Services Committee |
| **Policy Review Date** | 17/09/2031 |

## 1. Policy Statement

This policy replaces the January 2015 policy, reviewed February 2020. Local Authorities have a statutory duty to bill and collect non-domestic rates and to ensure that relief is awarded to eligible properties, both mandatory and discretionary in accordance with the Local Government (Financial Provisions etc.) (Scotland) Act 1962. Discretionary reliefs can be set by local authorities using discretionary powers to help support businesses within the local area. In applying these powers, the Council must balance support for local organisations and communities with fairness, consistency, affordability, and the proper stewardship of public funds. By using these powers, the council is fulfilling its strategic priorities by supporting local businesses and their communities.

## 2. Scope of Policy

Non-domestic rates (NDR), often referred to as business rates, are levied on non-domestic properties, subject to statutory exemptions and reliefs. Certain types of properties are statutorily exempt from NDR either through exclusion from the Valuation Roll or through exemption from liability. Other reliefs available are mandatory and must be awarded where the statutory criteria are met while some are discretionary and may be awarded by the Council where the relevant criteria and policy considerations are satisfied.

This policy covers the various discretionary powers local authorities have regarding discretionary relief set locally, with exception of empty property relief which is covered in a

separate policy. This policy is specifically directed towards charities, non-profit organisations, sports clubs, rural properties, and hardship cases. The policy does not replace or override any statutory entitlement to mandatory relief.

## 3. Policy Principles & Equalities

NDR, for Scotland is devolved to the Scottish Parliament and Scottish Government, but the mandatory reliefs already legislated for are still applicable along with a number of discretionary reliefs available to local authorities. The Assessor sets Rateable Values, and the poundage rate is set by the Scottish Government. Ratepayers are liable for non-domestic rates and may be eligible for either Mandatory or Discretionary relief, or both. This policy covers those discretionary reliefs set locally where the council can decide on the level of discretionary relief to be awarded to any organisation meeting the criteria.

In exercising discretion, the Council will apply the following principles: decisions will be lawful, fair, transparent and evidence-based; comparable applications will be treated consistently; the financial impact on the Council will be considered; relief will be awarded only where it is reasonable to do so in the interests of Council taxpayers; and appropriate records will be retained to support governance, audit and review. The Council will also consider equality impacts and any relevant subsidy control requirements when determining applications.

If withdrawing awards of discretionary relief, Ratepayers must be given 12 months' notice where this is required by legislation. This does not prevent the Council from correcting awards made in error, revising entitlement where circumstances have changed, or taking appropriate action where information has been withheld, misrepresented, or where avoidance or fraud is identified.

From 1 April 2023, local authorities have powers to prevent or minimise advantages arising from known NDR avoidance practices. The key legislation is the Non-Domestic Rates (Miscellaneous Anti-Avoidance Measures) (Scotland) Regulations 2023. Local Authorities can now make the owner, rather than the occupier, liable for payment of rates, or disregard deliberate physical changes to the state of the property solely for the purpose of avoiding or reducing the rates liability. Where the Council considers that arrangements have been put in place to avoid or reduce NDR liability, discretionary relief may be refused, withdrawn or reviewed, subject to the relevant statutory provisions and decision-making process.

### 3.1 Charities

The key legislation is Section 4 of the Local Government (Financial Provisions etc.) (Scotland) Act 1962.

Section 4(2) deals with Mandatory Relief where a charitable or non-profit organisation is in occupation of a property and using it for charitable purposes. The relevant organisation must be entered in the register of Scottish Charities which is maintained by the Office of the Scottish Charity Regulator (OSCR). Any such organisation would qualify for 80% Mandatory Relief of Business Rates and is fully funded by the National Non-Domestic Rating Pool.

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Section 4(5) deals with entitlement to Discretionary Rates Relief. Rating authorities have powers to grant up to a further 20% Discretionary Relief over and above the entitlement of Mandatory Charitable Relief. The cost of granting Discretionary Relief is shared 75% by the National Non-Domestic Rating Pool and 25% by the rating authority.

Every application for Mandatory Rates Relief is considered for the additional entitlement to Discretionary Rates Relief according to the organisation concerned and the nature and use of the property in question.

When reviewing organisation accounts, organisations will not qualify for the additional 20% Discretionary Relief where:

- The charity holds unrestricted funds equal to or greater than £100,000.
- Unrestricted funds will be considered because discretionary relief is a local financial decision and should be targeted where there is a clear case for support, demonstrable public benefit and reasonable use of public funds. Restricted funds will be considered separately where the applicant provides evidence of the restriction and the purpose for which those funds are held.

Charitable organisations using a property for educational, training, or research purposes will not be considered for additional Discretionary Relief.

Charity shops run by registered charitable organisations only qualify for the Mandatory 80% Relief.

Also, in terms of Section 4(5) of the 1962 Act, rating authorities have powers to grant Discretionary Relief of Rates in respect of:

- Premises occupied for the purpose of organisations which are not established or conducted for profit and whose main objectives are charitable or are otherwise philanthropic or religious, or concerned with education, social welfare, science, literature, or fine arts. This is in respect of organisations not recognised as a charity as per the OSCR.

- The amount of Discretionary relief which may be awarded in respect of the above can be any sum between 0 – 100%. All such applications will be assessed on a case-by-case basis.

- The cost of granting Discretionary Relief is shared 75% by the National Non-Domestic Rating Pool and 25% by the rating authority. The Council's 25% share represents a direct local financial cost and will be considered as part of the decision-making process.

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### 3.2 Sports Clubs

The key legislation is section 4(2) (aa) (mandatory relief) and 4(5)(c) (discretionary relief) of the Local Government (Financial Provisions etc.) (Scotland) Act 1962.

With regards to premises occupied for the purposes of a club, society or other organisation not established or conducted for profit and used wholly or mainly for purposes of recreation, the council may consider Discretionary Rates Relief up to a maximum of 100% which is met fully by the National Non-Domestic Rating Pool.

Awarding 100% Discretionary Relief to sports clubs who provide catering and have a license for selling alcohol, puts them in direct competition with other establishments such as public houses and restaurants who are not entitled to Discretionary Relief. Therefore, the following applies: -

- Licensed sports clubs will receive a maximum of 80% relief.
- Non-licensed clubs will receive up to the maximum of 100% relief.
- Where unrestricted funds equal to or greater than £100,000 are reported in the accounts, relief for both licensed and non-licensed clubs will be reduced on a sliding scale. **Table 1**

**Table 1**

| **Category** | **Maximum Award of Relief** |
|---|---|
| Award of Discretionary Relief for Licensed Sports Clubs | 80% |
| Award of Discretionary Relief for Non-Licensed Sports Clubs | 100% |
| | |
| **The following reductions in Discretionary Relief will apply where the club's unrestricted funds:** | **Reduction in relief** |
| Are less than £100,000 | 0% |
| Are greater than or equal to £100,000 | 20% |
| | |
| **Note –** Where funds are identified as restricted, evidence must be provided by the ratepayer detailing what the funds are to be used for, and the timescales involved before a decision is taken on the level of relief reduction applicable. | |

Community Amateur Sports Clubs (CASC) are entitled to 80% Mandatory Relief if they have CASC status. Any request for additional Discretionary Relief will be considered by the local authority at the time of the application for Mandatory Relief.

The cost of granting Discretionary Relief is shared 75% by the National Non-Domestic Rating Pool and 25% by the rating authority. The Council's 25% share represents a direct local financial cost and will be considered before any award is made.

### 3.3 Hardship Relief

The key legislation is section 25A of the Local Government (Scotland) Act 1966. Rating Authorities may award up to 100% relief if the applicant would otherwise sustain hardship, and if doing so is reasonable in light of the interests of Council Taxpayers. All applications will be assessed on a case-by-case basis, and the relief will be time limited for a maximum of up to 12 months. Only one award of relief is permitted.

Hardship Relief is intended to be exceptional. Applicants will be required to provide sufficient financial evidence to demonstrate hardship, including current trading information, accounts, cashflow information, details of reserves, liabilities, funding support received or available, and the reasons why rates liability cannot be met. The Council will also consider the wider community impact, the consequences of not awarding relief, and whether the award represents reasonable use of public funds.

The cost of granting Hardship Relief is shared 75% by the National Non-Domestic Rating Pool and 25% by the rating authority. The Council's 25% share represents a direct local financial cost and will be considered before any award is made.

### 3.4 Rural Relief

The key legislation is the Non-Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Order 2005 and Schedule 2 to the Local Government and Rating Act 1997 as well as the Non-Domestic Rates (Rural Areas) (Scotland) Regulations 2017.

Mandatory Rural relief of 100% is available to certain properties, as set out in table 1 below, which are the only such property located in a settlement in the local authority's rural settlement list **(table 2).**

**Table 1**

| **Qualifying subject** | **Rateable Value threshold** |
|---|---|
| Small food shop, general store, or post office | £8,500 |
| Petrol filling station, small hotel, or public house | £12,750 |

**Table 2**

| Rural Relief Settlements **excluded** from Rural Settlement List | |
|---|---|
| Aberdeenshire authority area | |
| Banchory | Macduff |
| Banff | Peterhead |
| Ellon | Portlethen & Marywell |
| Fraserburgh | Stonehaven |
| Huntly | Turiff |
| Inverurie | Westhill |
| Kemnay | Kintore |

| | |
|---|---|
| Laurencekirk | Oldmeldrum |
| Newtonhill | |

In addition, local authorities have discretionary powers to grant up to 100% relief to properties with a Rateable Value up to £17,000 which provide a service that is of demonstrable benefit to the community, where they consider it would be in the interests of council taxpayers to do so. Therefore, the following applies: -

- Up to 100% relief may be awarded to qualifying properties. All applications will be assessed on a case-by-case basis having regard to the nature of the service provided, evidence of community benefit, the availability of alternative provision, the financial position of the applicant and the cost to the Council.

The cost of granting Discretionary Rural Relief is shared 75% by the National Non-Domestic Rating Pool and 25% by the rating authority. The Council's 25% share represents a direct local financial cost and will be considered before any award is made.

## 4. Supporting Policies and Documents

**Local Government (Financial Provisions etc.) (Scotland) Act 1962**
**Local Government (Scotland) Act 1966**
**The Non Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Order 2005**
**Local Government and Rating Act 1997**
**The Non-Domestic Rates (Rural Areas) (Scotland) Regulations 2017**
The Non-Domestic Rates (Miscellaneous Anti-Avoidance Measures) (Scotland) Regulations 2023

## 5. Council Strategic Priorities

| Pillar | Priority | How does the policy reflect the Council's strategic Priorities? |
|---|---|---|
| A sustainable economy | We will support a strong and diverse economy by attracting people of working age to our region, complementing our highly skilled local workforce. | Using the Council's discretionary powers to target relief appropriately will help support eligible organisations and businesses within the Aberdeenshire area, help retain existing skilled workers and encourage working-age individuals to work within our communities to maintain a sustainable local economy. |
| Connected communities | We will work with communities and partners to enhance the sense of connection among our places. This includes supporting communities to come up with innovative solutions to ensure our places are resilient and vibrant. | Supporting local businesses through the awarding of relief to eligible properties will help sustain local services, community assets and organisations where there is clear evidence of community benefit, while ensuring decisions remain fair, transparent and financially responsible. |
| Living well locally | We will encourage and support our residents to lead healthy and active lives and contribute meaningfully to their communities. We will make proactive choices that will allow us to cater to the needs of our increasingly ageing population. | Supporting local businesses through the awarding of relief to eligible properties will help sustain local services, community assets and organisations where there is clear evidence of community benefit, while ensuring decisions remain fair, transparent and financially responsible. |

## 6. Policy Revision

| Version Number | Revision Date | Committee Approval Date | Summary of Changes |
|---|---|---|---|
| 2 | 27 May 2026 | | |

## 7. Policy Distribution

| Name | Designation | Organisation |
|---|---|---|
| Rob Simpson | Director of Business Services | Aberdeenshire Council |
| Alan Wood | Director of Environment & Infrastructure | Aberdeenshire Council |
| Laurence Findlay | Director of Education & Children's Services | Aberdeenshire Council |
| Leigh Jolly | Chief Officer, Health & Social Care Partnership | Aberdeenshire Council |
| Vicky Morris | Risk & Resilience Team | Aberdeenshire Council |