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Bruce Crawford MSP
Convener
Finance and Constitution Committee
The Scottish Parliament
Edinburgh
EH99 1SP

27 March 2020
Sent via email

Dear Convener,

The Scottish Fiscal Commission has today published updated forecasts for Non-Domestic Rates (NDR) and our assessment of the financial impact of the two new NDR reliefs for 2020-21 announced by the Scottish Government. The legislation to allow these reliefs to be introduced from 1 April 2020 has been introduced to Parliament.

The Scottish Government has announced a relief for all ratepayers for the financial year starting in April. This relief effectively reduces the tax rate for all properties, resulting in £51 million less being paid in NDR in 2020-21.

A second relief means all properties in the retail, hospitality and leisure sectors along with all airports pay no NDR in 2020-21, a reduction in NDR of £824 million. The combined effect of these two new policies will reduce NDR bills by £875 million.

The UK Government has announced a package of support for business including changes to business rates in England. The Scottish Government will receive funding through the Barnett formula which will cover the costs of these two reliefs along with other policies announced by the Scottish Government. Our future work will consider the effects on the Scottish Budget in more detail.

As always my colleagues and I on the Scottish Fiscal Commission, and our staff, are very happy to answer any questions the Committee may have.

We will publish this correspondence and our publication on our website.

Yours sincerely

A handwritten signature in black ink that reads "Susan Rice".

Susan Rice DBE