Auditor certification of 2016/17 non domestic rates income returns

Technical guidance note TGN/NDR/17

AUDIT SCOTLAND

Prepared by Audit Strategy
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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Contents

Foreword

Technical guidance notes are prepared by Audit Scotland's Audit Strategy business group to provide external auditors appointed by the Accounts Commission and Auditor General for Scotland with guidance on particular subjects or themes relevant to their audit appointment. They cover auditors' responsibilities to audit the financial statements, and review returns for whole of government accounts and local authority grant claims.

Technical guidance notes are available to external auditors from Audit Scotland's Technical reference library, and are also published on the Audit Scotland website so that audited bodies and other stakeholders can access them.

This particular type of technical guidance note is published under authority delegated by the Assistant Auditor General to provide guidance on the review of approved grant claims and other financial returns that require to be certified as part of a local authority audit appointment.

While auditors act independently, and are responsible for their own conclusions and opinions, Audit Strategy has a role in ensuring that those conclusions and opinions are reached on the basis of informed judgement. Consistency in similar circumstances is important and the Code of audit practice therefore requires grant claims to be certified in accordance with technical guidance notes provided by Audit Strategy. Auditors should advise Audit Strategy promptly if they intend not to follow any guidance provided in this technical guidance note

Overview

Key points on this return		
Description of return		
The return is used to calculate a local authority's annual contribution to the national non-domestic rates pool.		
Return reference	**Deadline to auditors**	**Auditor submission deadline**
NDRI notified return report 2016/17	30 June 2017	6 October 2017

Risk areas

1 The amount payable before reliefs is not properly calculated.

2 The exemption for unoccupied or partly occupied properties has been awarded incorrectly or is not properly calculated.

3 Reliefs have been awarded incorrectly or are not properly calculated.

4 State aid implications have not been considered where limits have been breached.

6 Adjustments for bad or doubtful debts are not properly calculated.

7 Refunds of overpayments are not properly calculated.

8 Other deductions and additions are not properly calculated.

Address for certified return

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Technical guidance note publication date and relevant year	Audit Strategy contact point
16 June for 2016/17 returns	Tim Bridle Tel 0131 625 1793 E-mail: tbridle@audit-scotland.gov.uk

1 Introduction

Auditor certification requirement

1. External auditors are required by the Code of audit practice to review approved grant claims and other financial returns submitted to grant-paying bodies by local authorities to conclude whether they are fairly stated and in accordance with specified terms and conditions.
2. Auditors are required to express their conclusion in a certificate attached to each claim/return. The review and reporting process performed by auditors is therefore described as certification.
3. One of the approved returns that auditors are required to certify is in respect of non-domestic rate income (NDRI).

Purpose of technical guidance note

4. This technical guidance note has been prepared by Audit Strategy to provide guidance on auditor certification of the NDRI return for 2016/17. The approach set out in this technical guidance note has been agreed with the Scottish Government.
5. Procedures that auditors should carry out in respect of certifying 2016/17 NDRI returns are set out at section 2 (preliminary procedures), 3 (testing procedures) and 4 (completion procedures) of this technical guidance note and summarised in Appendix 1. Although this note provides a concise summary of the return, it may still be necessary for auditors to refer to the source material listed on which this note is based for points of detail (see Appendix 2).
6. Auditors should also refer to the general guidance on the certification of claims provided by technical guidance note TGN/GEN/17.

Changes from 2015/16

7. The most significant changes from 2015/16 are
   - new reliefs for
     - unoccupied properties which differ for industrial and non-industrial properties
     - steel sites
     - towers and mast sites in mobile mast pilot areas.
   - revisions to the renewable energy generation relief scheme

Nature of return

8. NDRI in Scotland is collected by local authorities on an agency basis and notionally placed in a national ‘pool’, which is then redistributed among authorities based on each authority's estimated collection levels.

9. In April each year, authorities submit an estimate of their expected NDRI yield for the year ahead. This is known as the provisional contributable amount and is used to calculate the amount of NDRI for the purposes of funding payments.

10. Following the year end, authorities are required to submit their actual NDRI yield, known as 'the notified amount' in a final return to the Scottish Government.

Funding arrangements

11. The total revenue funding allocation for an authority is fixed by an annual order, and includes NDRI and general revenue grant (GRG). As authorities do not physically pass NDRI to the national pool, the weekly funding payments made to authorities are adjusted for NDRI collections.

12. After receipt of the final return, the actual NDRI yield is compared with the provisional contributable amount, and any differences are adjusted for by amending the weekly funding payments in the following year. These adjustments are generally conducted in two stages; firstly after the receipt of the return in June and then (if there have been any further changes) once the return certified by auditors has been submitted. The weekly funding payments are therefore adjusted for the net result of the authority's expected NDRI yield in the current year, and differences between estimate and actual collections in previous years.

Submission of return to auditor

13. Authorities are required to submit the completed final return to their external auditors by 30 June 2017.

Contact point

14. The contact point in Audit Strategy for this technical guidance note is Tim Bridle, Manager - Local Government (Technical) - tbridle@audit-scotland.gov.uk or 0131 625 1793.

2 Preliminary procedures

Purpose of section

15. This section sets out the preliminary procedures that auditors should carry out when they receive the return.

Preliminary procedure 1 - Completion of return

Auditors should check that

- **the authority's arrangements for the completion of the return appear adequate**
- **all relevant parts of the return have been completed, including certification by the director of finance**
- **all arithmetic on the return is correct**
- **the entries on the return agree with the authority's financial ledger or other underlying records.**

16. The NDRI return is a statement of income yield. It records the gross amount payable to an authority by rate-payers, including contributions in lieu of rates and amounts payable in respect of preceding years not included in previous returns.

17. The return has lines for the following reductions in rate yield which authorities are permitted in arriving at their contribution to the pool

- All of the mandatory reliefs, and at least a proportion of the discretionary reliefs, granted by the authority to rate-payers.
- Provisions for bad debts and amounts written-off.
- Refunds of overpayments, normally as a result of appeals, as well as related interest payments.
- Income from the *Tax incremental financing* (TIF) and BRIS scheme.

18. Authorities use the Scottish Government's online ProcXed system to submit the final return, but should have generated a hard copy for certification by auditors.

19. The return passed to auditors should have been certified by the director of finance (or equivalent) as being made in accordance with the regulations.

3 Testing procedures

Purpose of section

20. This section sets out the testing procedures that auditors should carry out on the return.

Test 1 - Amount before reliefs (lines 1 and 5)

Auditors should obtain evidence that the amount payable in lines 1 and 5

- **has been properly calculated by using the rateable values shown on the valuation roll for the year multiplied by the rate per £ specified by Scottish Ministers**
- **is gross of reductions in the yield arising from reliefs and other deductions in respect of 2016/17.**

21. The amount payable in lines 1 and 5 is the theoretical maximum rate yield in respect of 2016/17 if the properties included in the valuation roll were occupied and not subject to any reliefs or exemptions. It is calculated using the properties' rateable values (RV) multiplied by a rate per pound (£) specified by Scottish Ministers.

22. The poundage rates for 2016/17 were set by The Non-Domestic Rate (Scotland) Order 2016 and The Non-Domestic Rates (Levying) (Scotland) Amendment Regulations 2016 and are included, along with rates for earlier years, in the following table.

Year	Poundage rates	
1999/2000	0.489	
	RV £10,000 or less	***RV more than £10,000***
2000/01	0.448	0.458
2001/02	0.45	0.47
2002/03	0.458	0.478
	RV £25,000 or less	***RV more than £25,000***
2003/04	0.478	0.484
2004/05	0.488	0.491
	RV £29,000 or less	***RV more than £29,000***
2005/06	0.461	0.4655
2006/07	0.449	0.453

Year	Poundage rates	
2007/08	0.441	0.444
2008/09	0.458	0.462
2009/10	0.481	0.485
	RV £35,000 or less	***RV more than £35,000***
2010/11	0.407	0.414
2011/12	0.426	0.433
2012/13	0.45	0.458
2013/14	0.462	0.471
2014/15	0.471	0.482
2015/16	0.48	0.493
2016-17	0.484	0.51

Test 2 - Large business supplement (lines 2a & 2b)

Auditors should obtain evidence that

- **the amount in line 2a is the amount payable in respect of the gross large business supplement; or**
- **the amount in line 2b is the net amount in respect of large business supplement where the gross amount is not available.**

23. The gross amount payable in respect of the large business supplement (payable by businesses with a rateable value in excess of £35,000) included in line 1 should also be separately reported at line 2a. The large business supplement for 2016/17 is 2.6p, i.e. £0.51 less £0.484 as set out in the table above.

24. As a change in 2016/17, where the gross amount in respect of large business supplement is not available, the amount net of reliefs and deductions should be included at line 2b.

Test 3 - Church exemption (line 3)

Auditors should check that the amount included at line 3 for church and religious relief exemption equals the amount included at line 9 for deductions.

25. The gross amount included in line 1 in respect of churches and religious relief exemption should be included at line 3 for information in addition to being included at line 9 as a deduction (see test 8).

Test 4 - Adjustments for in-year changes to rateable values (line 4)

Auditors should check that any adjustments to the amount payable for in-year RV changes are included at line 4.

26. Some authorities make adjustments to the amount payable in line 1 to reflect changes to RV through the year, e.g. growth in the tax base and appeals. Where this is the case, the net change should be included for information at line 4.

Test 5 - Unoccupied/partly unoccupied property (line 6)

Auditors should obtain evidence that the reduction in rate yield for unoccupied properties in line 6 has been properly stated and includes

- **100% relief on industrial properties for the first six months they are empty and 10% relief thereafter**
- **50% relief on non-industrial properties for the first three months they are empty and 10% thereafter**
- **the yield loss from properties exempt from unoccupied property rate of 90%.**

27. Changes made by The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2013 to the empty property relief in 2013 reduced the rate relief for unoccupied non-industrial properties. Further changes in The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2016 mean that from 1 April 2016
    - industrial properties only receive full relief from rates for the first six months they are empty, and 10% thereafter.
    - non-industrial properties only receive 50% relief for the first 3 months they are empty, and 10% thereafter.

28. Some properties are exempt from the unoccupied property charge of 90% as set out in The Non-Domestic Rating (Unoccupied Property) (Scotland) Regulations 1994 as amended in 1995, 2000, 2008, 2013 and 2016. Circumstances under which land and heritages are exempt from the 90% charge include
    - property not comprising one or more buildings or a part of a building
    - listed buildings or scheduled monuments
    - subject of a building preservation order
    - the rateable value of the lands and heritages is less than £1700 (£1500 before 1 April 2000 and £1000 before 1 April 1995)
    - where the owner is in administration or subject to a winding up order
    - where occupation is prohibited by law

- land and heritages kept vacant by the Crown or any other public authority
- possession by a trustee, executor or liquidator.

29. The amount in line 6 should include
    - the total reduction in rate yield as a result of the 100%, 50% and 10% empty property relief and
    - the yield loss from properties exempt from the 90% unoccupied property rate.

30. The reduction in yield is calculated after taking account of any small business relief under the small business bonus scheme.

31. Where part of a property is unoccupied for a short time, an authority may ask the assessor to apportion the rateable value between the occupied and the unoccupied parts. The chargeable amount is then calculated on the occupied part with an exemption or empty property charge applicable to the unoccupied part as appropriate. The entry in the return is the reduction in rate yield as a result of the apportionment.

Test 6 - New start (line 7)

Auditors should obtain evidence that the amount included at line 7 in respect of *New start* relief is properly stated and

- **applies to empty new build properties entered on the valuation roll since 1 April 2013**
- **is limited to a 15 month period.**

32. The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2013 introduced a relief for empty new build properties known as *New start* relief. Property owners can apply for a mandatory relief of 100% in respect of new properties empty at the time of entry to the valuation roll. Up to 15 months relief is available while a property is empty within the period 2013/14 to 2018/19. This need not be a continuous period if a property moves in and out of occupancy. After receiving new start relief, a property is eligible for empty property relief in the normal way.

33. *New start* relief is only applicable to new properties entered onto the valuation roll between 1 April 2013 and 31 March 2017 and is not applicable to splits and mergers or other changes to existing entries on the valuation roll.

34. Applications can be granted no later than 15 months after the property was entered on the roll or, where there has been occupation during that period, 15 months plus the periods of occupation.

Test 7 - Fresh start (line 8)

Auditors should obtain evidence that the amount included at line 8 in respect of *Fresh start* relief is properly stated and

- **applies to empty shops, offices, pubs, hotels or restaurants with a rateable value of less than £65,000 which have been in receipt of empty property relief for at least 12 months**
- **is limited to 12 months relief at 50%**
- **relief has been awarded only where an application has been made**
- **does not apply where payday lending takes place at interest rates of 100% or above.**

35. *Fresh start* relief was also introduced by *The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2013* and amended *by* The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2014. This is a 50% relief for a period of 12 months available to smaller properties last used as a shop, office pub, hotel or restaurant. Eligible properties are those
    - with rateable values of under £65,000
    - that have been in receipt of empty property relief for a continuous period of at least 12 months prior to becoming occupied.

36. Where the property has not been used, the intended use must be as a shop, office, pub, hotel or restaurant.

37. The relief is available in respect of liabilities arising during the 3 year period from 1 April 2013 to 31 March 2017, but is only available for the 12 month period immediately following occupation. Property-owners are required to make an application for *Fresh start* relief.

38. In some instances, the *Small business bonus scheme* may offer greater relief for a single individual property, in which case that relief should be awarded if the property is eligible. Where *Fresh start* relief is awarded no other reliefs are available.

39. *Fresh start* is not available where 'payday lending' is carried out at the property if interest rates used are 100% or above.

Test 8 - Religious relief (line 9)

Auditors should obtain evidence that the reduction in rate yield for churches, etc in line 9 has been properly stated and includes

- **buildings occupied by a religious body used for worship**
- **church halls used for purposes connected with that body**
- **premises used for administrative activities.**

40. Under schedule 13 of the *Local Government Finance Act 1992,* the following religious properties are exempt from rates

- Buildings occupied by a religious body used exclusively for the purposes of public worship.
- Church halls and similar buildings used wholly or mainly for purposes connected with the church and no profit is derived from their use.
- Premises occupied by a religious body and used by it for carrying out administrative activities.

Test 9 - Charities mandatory relief (line 10)

Auditors should obtain evidence that the mandatory reduction in rate yield for charities at line 10 has been properly stated and

- **reflects the granting of 80% rate relief**
- **relates only to properties occupied by a charity and used for charitable purposes.**

41. Charitable organisations are required to pay only 20% of the rates otherwise due (and may pay less where top up discretionary relief has been granted). Charities are defined as an institution or other organisation established for charitable purposes. In order to qualify for exemption, the premises must be occupied by a charity and be wholly or mainly used for charitable purposes. Charitable purposes may be divided into four main groups

- relief of poverty
- advancement of religion
- advancement of education
- other purposes beneficial to the community.

42. The Office of the Scottish Charity Regulator maintains a Scottish charity register which auditors may find of use.

Test 10 - Sports clubs mandatory relief (line 11)

Auditors should obtain evidence that the mandatory reduction in rate yield for community amateur sports clubs at line 11 has been properly stated and

- **reflects the granting of 80% rate relief**
- **relates only to properties used by registered sports clubs.**

43. Community amateur sports clubs (CASCs) registered with HM Revenue and Customs qualify for 80% mandatory relief under Section 98 of The Charities and Trustee Investment (Scotland) Act 2005. Mandatory relief granted should be included in line 11. Local authorities can also top up relief to 100% with the use of discretionary relief (for example if the premises are unlicensed).

Test 11 - Rate rebates for disabled persons (line 12)

Auditors should obtain evidence that the reduction in rate yield for disabled persons at line 12 has been properly stated and

- **includes any institutional building where half or more of the floor area is used for specified qualifying purposes**
- **reflects the amount of rates attributable to that part of the building used exclusively for qualifying purposes.**

44. Residential and nursing homes which cater for the needs of disabled persons are eligible for relief under the *Rating (Disabled Persons) Act 1978*. Rebate is granted if more than half of the floor area is used exclusively for specified purposes, which include the provision of

- residential accommodation for the care (not including medical, surgical or dental treatment) of persons suffering from illness, their aftercare, or disabled persons
- facilities for the training of such persons
- welfare service, workshops, etc for disabled persons.

45. The percentage of rebate granted is equivalent to the proportion that the part of the property used exclusively for these qualifying specified purposes bears to the whole building (i.e. it will be between 50% - 100%).

Test 12 - Rural rate mandatory relief (line 13)

Auditors should obtain evidence that the mandatory reduction in rate yield for rural settlements at line 13 has been properly stated and

- **relates only to qualifying businesses in settlements on the authority's rural settlement list**
- **relates only to settlements which have been designated by Scottish Ministers as rural areas**
- **relates to properties where rateable values are below thresholds**
- **reflects 50% rate relief granted.**

46. Local authorities are required to compile and maintain a rural settlement list which contains settlements with a population of 3,000 or less on the 31 December before the relevant financial year, i.e. 31 December 2015 for 2016/17. Certain types of business within a rural settlement, provided the settlement has been designated by Scottish Ministers as a rural area, are entitled to a mandatory 50% rates relief where their rateable values are less than prescribed thresholds.

47. Designated areas can be found in The Non Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Amendment Order 2010 whilst qualifying businesses and relevant thresholds for mandatory relief (as set out in the 2005 order) are

- the only general store or post office and where the rateable value is £8,500 or less
- a food shop (excluding confectionery and excluding the supply of food in the course of catering) with a rateable value of £8,500 or less
- the only public house/small hotel (with appropriate license), with a rateable value of £12,750 or less
- a petrol filling station with a rateable value of £12,750 or less where the ratepayer is not also the ratepayer for another petrol filling station in Scotland.

48. Local authorities have discretionary powers to top-up this relief to 100%.

Test 13 - Small business bonus scheme (line 14)

Auditors should obtain evidence that the reduction in rate yield for small business mandatory relief at line 14 has been properly stated and

- **relates only to businesses with a cumulative rateable value of £35,000 or less not involved in pay day lending**
- **been awarded over and above other reliefs**
- **reflects total reliefs granted of between 25% and 100%.**

49. Line 14 should record the reduction in rate yield in 2016/17 resulting from mandatory rate relief under the *Small business bonus scheme*. The Non Domestic Rates (Levying) (Scotland) Regulations 2016 set the cumulative rateable value thresholds for relief at various levels up to £18,000.

50. Businesses with properties that have a cumulative rateable value between £18,000 and £35,000 can receive 25% rates relief on individual properties with a rateable value of up to £18,000. No rate relief may be granted in respect of lands and heritages used for payday lending.

51. The relevant rateable value bandings and relief percentages for 2016/17 are shown below

RV bandings £		Relief
From	to	
0	10,000	100%
10,001	12,000	50%
12,001	18,000	25%
18,001	35,000	25% on each individual property with a rateable value not exceeding £18,000

52. Where any of the other mandatory reliefs or discretionary relief for sports clubs or stud farms apply, they take precedence over relief under the bonus scheme, i.e. ratepayers receive the higher relief available. This should be reflected in the return as follows

- Where the other relief is higher than under the bonus scheme, there is no entry in line 14 for that item.
- Where the relief under the bonus scheme is higher than the other relief, the total relief should be spread over the line in the form for the other relief with only the remainder in line 14.

Test 14 - Renewable energy relief scheme (line 15)

Auditors should obtain evidence that the reduction in rate yield for renewable energy relief at line 15 has been properly stated and

- **relates only to qualifying properties used solely for production of renewable energy**
- **has been awarded only where applications have been made.**

53. Line 15 should record the reduction in rate yield in 2016/17 resulting from mandatory rate relief under the *Renewable energy relief scheme* which was established by The Non-Domestic Rates (Renewable Energy Generation Relief) (Scotland) Regulations 2010 and amended in 2016. This scheme provides a reduction on the rates due for properties which are used solely for the production of renewable energy where there is either a community benefit or where the properties are new build. It is necessary for rate-payers to have made an application for relief, and this relief must be applied before the calculation of other reliefs.

54. New build renewables relief is available in respect of properties added to the valuation roll on or after 1 April 2016 as follows

- Where the rateable value of the applicant's qualifying properties in Scotland is £500,000 or less, the applicable relief is 10%.
- Where the rateable value of qualifying properties is higher than £500,000, the relief is 1.5%.

55. Eligibility for community benefit renewable relief requires arrangements that give at least 15% of the annual profit (or profit attributable to 1 megawatt of capacity if lower) to a community organisation, in return for investment by that organisation. Qualifying properties with a cumulative rateable value up to £145,000 are entitled to 100% relief, while relief is tapered for properties with higher values. The percentage reliefs for each banding is shown below

Cumulative RV	Percentage relief (%)
up to £145,000	100
over £145,000 and up to £430,000	50

Cumulative RV	Percentage relief (%)
over £430,000 and up to £860,000	25
over £860,000 and up to £4,000,000	10
over £4,000,000	2.5

Test 15 - Enterprise areas (line 16)

Auditors should obtain evidence that the reduction in rate yield for enterprise area relief at line 16 has been properly stated and

- **relates to new properties or properties vacant for 3 months**
- **relates to properties in enterprise areas**
- **is in respect of specified activities**
- **has been awarded only where applications have been made.**

56. The Non-Domestic Rates (Enterprise Areas) (Scotland) Regulations 2012 (as amended 2013, 2016) provide for a reduction on the rates due for specified properties in defined geographic locations known as enterprise areas. The four enterprise areas are set out below

Life Sciences Enterprise Area	Low Carbon / Renewables North Enterprise Area
Irvine (N. Ayrshire) - part of site	Hatston (Orkney)
Forres (Moray)	Arnish (Western Isles)
Inverness Campus (Highland)	Scrabster (Highland)
BioQuarter (Edinburgh)	Lyness (Orkney)
BioCampus (Midlothian)	
BioCity (North Lanarkshire)	

Low Carbon / Renewables East Enterprise Area	General Manufacturing and Growth Sectors Enterprise Area
Leith (Edinburgh)	Creative Clyde (Glasgow City) Prestwick International - aerospace (S. Ayrshire) West Lothian (Broxburn) - Food and drink manufacturing West Lothian (Livingston) - Food and drink manufacturing

57. Each area comprises a number of defined geographic locations. Boundaries for each location are set out in a series of maps.

58. Relief is available only to

- new build properties or properties which have been vacant for at least a three month period
- businesses undertaking certain activities set out in schedule 1 of the regulations.

59. Rate-payers are required to make an application for the relief, and an authority is required to consider whether a property is in receipt of any other relief. The total percentage of relief available to properties after the award of enterprise area relief is set out below

Rateable value	Percentage of rates relief
up to £120,000	100%
over £120,000 and up to £240,000	50%
over £240,000 and up to £480,000	25%
over £480,000 and up to £1,200,000	10%
over £1,200,000 and up to £2,400,000	5%
over £2,400,000	2.5%

Test 16 - Hardship relief (line 18)

Auditors should obtain evidence that the reduction in rate yield in respect of hardship at line 18 has been properly stated and

- **the authority is satisfied that the rate-payer would sustain hardship if relief was not granted, and it is reasonable to do so having regard to the interest of council tax payers**

- **the relief has been awarded in line with the authority's policy**
- **reflects 75% of the rate relief granted.**

60. Authorities have the discretion to reduce or remit rates if they are satisfied that the rate-payer would sustain hardship if relief was not granted, and it is reasonable to do so having regard to the interests of council tax-payers. The relief also applies to businesses which are particularly important to the local community and where a one off assistance will resolve the difficulties.

61. Line 18 should represent 75% of any relief granted and is offset against the authority's contribution to the pool.

Test 17 - Charities and other organisations - discretionary (line 19)

Auditors should obtain evidence that the reduction in rate yield in respect of charities and other organisations at line 19 has been properly stated and

- **the discretionary relief has been awarded in line with the authority's policy**
- **reflects 75% of discretionary rate relief granted for up to 20% of charities bill**
- **reflects 75% of discretionary rate relief granted for other non-profit making organisations.**

62. Authorities are permitted to grant discretionary relief to charities on the remaining 20% of their rates (having given mandatory relief on 80%), bringing the total relief up to 100%. An amount equal to 75% of the discretionary relief granted may be offset against the authority's contribution to the pool and should be recorded at line 19.

63. Authorities may also grant up to 100% relief to certain non-profit making bodies. To qualify, an organisation must be charitable or religious, or concerned with education, social welfare, science, literature or the fine arts, or the property must be used by a non-profit-making organisation wholly or mainly for the purpose of recreation. An amount equal to 75% of the discretionary relief granted may be offset against the authority's contribution to the pool (excluding sports clubs reported at line 20).

Test 18 - Sports clubs - discretionary (line 20)

Auditors should obtain evidence that the reduction in rate yield in respect of sports clubs at line 20 has been properly stated and

- **the discretionary relief has been awarded in line with the authority's policy**
- **reflects 100% of the discretionary rate relief granted.**

64. In addition to the mandatory relief included at line 11, authorities may grant discretionary top up relief to sports clubs under section 4(5)(c) of the *Local Government (Financial Provisions) (Scotland) Act 1962*. Sports clubs not registered with the HMRC may also be eligible for

discretionary relief at the discretion of the authority, e.g. where recognised by Sports Scotland. All of the discretionary reliefs granted can be offset and should be included at line 20.

Test 19 - Backdated relief of sports clubs and charities (line 21)

Auditors should obtain evidence that the reduction in rate yield in respect of backdated relief at line 21 has been properly stated and

- **the discretionary relief has been awarded in line with the authority's policy**
- **reflects decisions to backdate made within the first 6 months of a financial year**
- **reflects 75% of backdated rates relief granted for charities and similar organisations**
- **reflects100% of backdated rates relief granted for sports clubs.**

65. Authorities are permitted to backdate discretionary reliefs for charities and similar organisations and sports clubs provided they make the decision within the first 6 months of a financial year
    - Amounts awarded in respect of 2016/17 up to the time the return is submitted on the ProcXed system should be included at line 21.
    - Amounts awarded after the return is completed, but within the 6 month period, should be included in the 2017/18 return as 'Other deductions not included elsewhere'.
66. The backdated relief has the same limits in respect of the amounts that can be offset as in-year decisions, i.e. 75% for charities and 100% for sports clubs.

Test 20 - Rural rate relief - discretionary (line 22)

Auditors should obtain evidence that the reduction in rate yield in respect of rural settlements at line 22 has been properly stated and

- **the discretionary relief has been awarded in line with the authority's policy**
- **reflects 75% of discretionary rate relief granted on those properties entitled to 50% mandatory relief**
- **reflects 75% of discretionary rate relief granted to other properties which are of benefit to the local community.**

67. Authorities may extend relief to properties entitled to mandatory rural rate relief and other properties with a rateable value of less than £17,000 which are of benefit to the local community.
68. This discretionary relief can be off-set against the pool at a rate of 75% and should be reported at line 22.

Test 21 - Stud farms (line 23)

Auditors should obtain evidence that that the reduction in rate yield in respect of stud farms at line 23 has been properly stated and

- **the discretionary relief has been awarded in line with the authority's policy**
- **reflects 75% of discretionary relief granted on stud farms**
  - **established on or after 1 April 2003**
  - **with a maximum rateable value of £7,000.**

69. Stud farms established on or after 1 April 2003 may be granted discretionary relief provided the rateable value is less than £7,000 under The Valuation (Stud Farms) (Scotland) Order 2005.

70. 75% of this relief can be off-set against the pool and should be recorded at line 23.

Test 22 - State aid

Auditors should obtain evidence that the authority has considered the state aid implications of awarding discretionary benefits where de minimis levels have been breached.

71. State aid is a European Commission term which refers to forms of public assistance given to undertakings on a discretionary basis, with the potential to distort competition and affect trade between Member States.

72. State aid rules are applicable to rates relief. Authorities granting discretionary rate relief should consider state aid implications if de minimis levels are breached (currently 200,000 Euros over a rolling 3 year period).

Test 23a - Bad or doubtful debts (lines 24, 27 and 31) - gross basis

Where the authority does not take the option to report only the net change, auditors should obtain evidence that the reduction in rate yield in respect of bad or doubtful debts at lines 24 and 27 and the increase at line 31 have been properly stated and

- **the write off of bad debts has been properly approved**
- **provisions have been calculated on a reasonable basis**
- **line 24 reflects reductions to the yield for rates relating only to 2016/17**
- **line 27 reflects reductions to the yield for rates relating to 1993/94 to 2015/16**
- **line 31 reflects increases in the rate yield for bad debts written off in previous years which have been collected or are now considered.**

73. Bad or doubtful debts (i.e. impairment losses) in respect of rates for 2016/17 or preceding years dating back to 1993/94 (provided they have not been taken into account in a previous return) can be offset against the authority's contribution to the pool.

74. Authorities have the option of either reporting changes in bad debts in respect of preceding years on a gross basis or they may report only the net change to the yield in respect of bad debt adjustments since the last return.

75. Where the authority adopts a gross basis, the entries in the return should be as follows

- The entry in line 24 relates to bad debts written off and provisions for bad debt in respect of rates due for 2016/17.
- The entry in line 27 should include increases in bad debt provision and amounts written off in respect of rates due in the period 1993/94 to 2015/16.
- The entry in line 31 relates to bad debts in respect of preceding years which have been previously written off but which have been collected or are now considered collectable.

Test 23b - Bad or doubtful debts (lines 24, 27, and 31) - net basis

Where the authority takes the option to report only the net change in bad or doubtful debts, auditors should obtain evidence that the adjustments in rate yield in respect of lines 24, 27, and 31 have been properly stated and

- **the write off of bad debts has been properly approved**
- **provisions have been calculated on a reasonable basis**
- **line 24 reflects reductions to the yield for rates relating only to 2016/17**
- **line 27 reflects any net reduction to the yield for rates relating to 1993/94 to 2015/16**
- **line 31 reflects any net increase in the rate yield for bad debts written off in previous years which have been collected or are now considered.**

76. Where the authority chooses to report only the net change to the yield in respect of bad debt adjustments since the last return

- amounts previously included that are now collected or considered collectable are netted off at line 27 rather than shown separately at line 31 where there is a net reduction in the yield (i.e. a net increase in bad debt adjustments); or
- increases in bad debt provision and amounts written off are netted off at line 31 rather than shown separately at lines 27 where there is a net increase in the yield (i.e. a net decrease in bad debt adjustments).

Test 24 - Appeals etc (line 28)

Auditors should obtain evidence that the reductions in rate yield in respect of appeals at

lines 28 have been properly stated and

- **repayments are included only where an overpayment has been caused by error or an incorrect entry in the valuation roll**
- **transitional relief has been taken into account where relevant.**

77. Authorities are required to repay rates if there has been an overpayment caused either by error or as a result of an incorrect entry in the valuation roll (mainly identified as a result of appeals). These amounts, included in previous returns as being due but which are now repayable by the authority, are reductions in the rate yield and should be reported at line 28.

78. Any amounts paid to the authority as the result of appeals which have not been previously taken into account should not be reported at line 28 but should be included at line 32.

79. Transitional relief was available in respect of the revaluation that took place on 1 April 2005 and limited subsequent increases in rates for the three years to 2007/08. This relief may be relevant to the calculation of backdated appeals. Amounts payable in 2005/06 (before taking account of reliefs) were limited to a proportion of the liability for 2004/05 as set out in The Non-Domestic Rates (Levying) (Scotland) Regulations 2005. Applicable limits are shown below

Upper transitional limit	Lower transitional limit
1.16	0.928

80. The difference between what would be payable on a property's new rateable value in 2005/06 without any transitional adjustment and the amount payable after limitation is referred to as the 'base transitional adjustment'. For years 2006/07 and 2007/08, transitional adjustments reduced as a proportion of this base adjustment in line with the factors set out in the relevant levying regulations and shown below

Year	Factor to be applied to the base adjustment
2006/07	0.649
2007/08	0.491

Test 25 - Interest (line 25)

Auditors should obtain evidence that the reduction in rate yield at line 25 in respect of interest payable on overpayments has been properly stated and reflects amounts paid in the year.

81. Where a repayment has been necessary following an appeal, the authority is also required to pay interest to the rate-payer involved. Amounts paid in the year (in respect of all years from

1990/91) as interest on overpayments are also reductions in the rate yield and should be entered at line 25.

82. The rate of interest is set by Regulation 4(2) of The Non Domestic Rating (Payment of Interest) (Scotland) Regulations 1992, as amended in 2009, at 1% below the bank base rate on the preceding 15 March. Rates for 2016/17 and other years are set out below

Year	%	Year	%	Year	%
1990/91	14%	1999/2000	4.5%	2008/09	4.25%
1991/92	12%	2000/01	5.00%	2009/10	0%
1992/93	9.5%	2001/02	4.75%	2010/11	0%
1993/94	5%	2002/03	3.0%	2011/12	0%
1994/95	4.25%	2003/04	2.75%	2012/13	0%
1995/96	5.75%	2004/05	3.0%	2013/14	0%
1996/97	5%	2005/06	3.75%	2014/15	0%
1997/98	5%	2006/07	3.5%	2015/16	0%
1998/99	6.25%	2007/08	4.25%	2016/17	0%

83. Regulation 3(2) of the 1992 Regulations provide that interest will not be paid if the account concerned has fallen into arrears and legal proceedings have been taken by the authority for recovery.

Test 26 - Late changes to valuation roll (lines 29 and 32)

Auditors should obtain evidence that adjustments to the rate yield at lines 29 and 32 due to late changes to the valuation roll have been properly stated and

- **relate to a preceding year and have not been taken into account in previous notified returns**
- **line 29 reflects late deductions from the roll**
- **line 32 reflects late additions now due.**

84. Late changes to the valuation roll affect the rate yield in respect of a preceding year as follows

- Deductions from the roll (i.e. amounts repayable to rate-payers, including contributions in lieu) not taken into account in previous returns require to be removed from the rate yield and reported at line 29.
- Additions (i.e. amounts now payable to the authority) not taken into account in previous returns require to be added to the rate yield and reported at line 32.

Test 27 - Backdated small business relief and bonus scheme (line 34)

Auditors should obtain evidence that any amounts at line 34 in respect of backdated small business relief and bonus have been properly stated.

85. Any backdated relief granted in 2016/17 for either the *Small business rates relief scheme* or its replacement the *Small business bonus scheme* should be included at line 34.

Test 28 - TIF income (line 35)

Auditors should obtain evidence that any TIF income at line 35 has been properly stated.

86. Where the authority has an approved TIF scheme, the notified amount of any additional TIF income should be included at line 35. The notified amount is the difference between the collected amount and the collectable amount as set out in *The Non-Domestic Rating Contributions (Scotland) Amendment Regulations 2010*. Where an authority has repaid all TIF debt the notified TIF amount is limited to 50% of the difference between the collected and collectable amounts set out in the regulations.

87. Auditors should contact the TSU for further guidance where amounts are included at line 35.

Test 29 - BRIS income (line 36)

Auditors should obtain evidence that any BRIS income at line 36 has been properly stated.

88. Some authorities can deduct income retained under the *Business rates incentivisation scheme* (BRIS). Only amounts which have previously been confirmed by the Scottish Government should be input.

89. Amounts may relate to 2014/15 or 2015/16. The applicable sums are set out in Finance circular 3/2016 and Finance circular 4/2017 and represent the 50% share of the additional rates income generated. The amounts for the relevant authorities are set out in the following table

Council	2014/15	2015/16
Aberdeen City	£533,291	£3,370,582
Aberdeenshire	£471,198	£932,087
Angus		£70,615
East Renfrewshire	£187,702	

Council	2014/15	2015/16
Eilean Siar		£71,571
Fife	£891,764	
Glasgow City		£1,513,758
Highland	£213,923	£370,902
Moray	£136,837	£16,243
Renfrewshire	£68,427	
South Ayrshire		£30,166

Test 30 - Other additions/deductions (line 37)

Auditors should obtain evidence that any other additions or reductions in rate yield identified at line 37 has been properly stated and the reason notified to the Scottish Government

90. Any additions or deductions that are not included elsewhere in the return should be identified at line 37. The authority should advise the Scottish Government of the nature of any entry in these lines by providing an explanation in the comments box.

91. This should include any reliefs granted under

- The Non-Domestic Rates (Steel Sites) (Scotland) Regulations 2016.(relief only applies to two addresses in Motherwell and Glasgow).
- The Non-Domestic Rates (Telecommunication Installations) (Scotland) Regulations 2016 which provide for 100% relief from business rates in respect of new entries to the valuation roll from 1 April 2016 for lands and heritages occupied by a tower or mast used for electronic communication services in mobile masts pilot areas. Current mast areas are delineated in orange on maps of eligible areas in Arran and the Cairngorm.

Test 31 - Notified amount (line 38)

Auditors should check that the notified amount at line 38 is the sum of the gross amount adjusted for reliefs, additions and deductions.

92. The notified amount at line 38 should equal

- the amount at line 26 (i.e. the gross amount at line 1 less reliefs and other deductions in respect of 2016/17): less
- deductions at line 30: plus
- additions at line 33: less

- deductions for small businesses bonus at line 34: less
- deductions in respect of TIF income at line 35: less
- deductions in respect of BRIS income retained income at line 36: less
- other additions or deductions at line 37.

Test 32 - Local rates relief

Auditors should obtain evidence that any figure for local rates relief is properly stated.

93. A local authority is empowered by section 140 of the *Community Empowerment (Scotland) Act 2015* to establish a scheme to reduce or remit any rate levied by it in respect of lands and heritages. The authority should report the cost of any scheme in line blow the notified amount and provide details of the scheme in the comments box.

4 Completion procedures

Purpose of section

94. This section sets out the completion procedures that auditors should carry out after they have conducted testing of the return.

Completion procedure 1 - Conclusion on return

95. **Auditors should conclude whether the return is**
- **fairly stated**
- **in accordance with the relevant regulations.**

96. Auditors should
- evaluate the results of their testing procedures set out in section 3
- undertake additional procedures where they judge that to be necessary
- agree with the local authority any amendments necessary to correct errors found in the return. This is appropriate where auditors conclude the errors are isolated or have extrapolated findings and are satisfied that after amendment the claim or return is fairly stated and in accordance with the business model. A qualification to the auditor's conclusion in a covering letter is not required though auditors should draw attention to the amendment.

Completion procedure 2 - Auditor's certificate and covering letter

Auditors should complete the auditor's certificate and include any qualifications to their conclusion in a covering letter.

97. Auditors should use the format and wording shown at Appendix 3 to this technical guidance note as the auditor's certificate.

98. The auditor's certificate states that auditors have examined the entries in the year end statement and accounts and records of the authority, and have obtained such evidence and explanations, and carried out such tests, as they considered necessary.

99. Auditors should complete the auditor's certificate and any covering letter in accordance with section 5 of TGN/GEN/17. Where in the auditor's professional judgment the return is fairly stated and in accordance with the relevant regulations, auditors should
- delete the words 'Except for the qualification in the attached covering letter dated …..';
- sign and date the certificate.

100. Where auditor testing has been completed and, in the auditor's professional judgement, the return is not fairly stated and in accordance with the regulation, auditors should

- prepare a covering letter explaining the qualification
- enter the date of the covering letter to the certificate
- sign and date the certificate.

Completion procedure 3 - Submission of certified return

Auditors should submit the return, completed auditor's certificate, and any covering letter, by 6 October 2017 to the Scottish Government.

101. Auditors should submit the income return, completed auditor's certificate, and any covering letter, by 6 October 2017 to

Alexander McPhee
Local Governance and Reform Analytical Division
Scottish Government
Area 3H North
Victoria Quay
EDINBURGH
EH6 6QQ

Appendix 1

Auditor action checklist

Preliminary procedures	Yes/No/N/A	Initials/date	W/P ref
1 Have you checked that • the authority's arrangements for the completion of the return appear adequate • all relevant parts of the return been completed, including certification by the director of finance • all arithmetic on the return is correct • the entries on the return agree to the authority's financial ledger or other underlying records?			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
1 Have you obtained evidence that the amount payable in lines 1 and 5 • has been properly calculated by using the rateable values shown on the valuation roll for the year multiplied by the rate per £ specified by Scottish Ministers • is gross of reductions in the yield arising from reliefs other deductions in respect of 2016/17?			
2 Have you obtained evidence that the amount in line 2 is the amount payable in respect of the large business supplement?			
3 Have you obtained evidence that the amount included at line 3 for church and religious relief exemption is included in line 1 and is the amount included at line 9 for deductions?			
4 Have you obtained evidence that where authorities have made allowances in line 1 for expected RV changes through the year the net amount is included at line 4?			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
5 Have you obtained evidence that the reduction in rate yield for unoccupied properties in line 6 has been properly stated and includes • 100% relief on industrial properties for the first six months they are empty and the 10% relief there after • 50% relief on non-industrial properties for the first three months they are empty and 10% there after • the yield loss from properties exempt from unoccupied property rate of 90%?			
6 Have you obtained evidence that the amount included at line 7 in respect of *New start* relief is properly stated and • applies to empty new build properties entered on the valuation roll since 1 April 2013 • is limited to a 15 month period?			
7 Have you obtained evidence that the amount included at line 8 in respect of *Fresh start* relief is properly stated and • applies to empty shops, offices, pubs, hotels or restaurants with a rateable value of less than £65,000 which have been in receipt of empty property relief for at least 12 months • is limited to 12 months relief at 50% • relief has been awarded only where an application has been made • does not apply where payday lending takes place at interest rates of 100% or above?			
8 Have you obtained evidence that the reduction in rate yield for churches, etc in line 9 has been properly stated and includes • buildings occupied by a religious body used for worship • church halls used for purposes connected with that body • premises used for administrative activities?			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
9 Have you obtained evidence that the mandatory reduction in rate yield for charities at line 10 has been properly stated and • reflects the granting of 80% rate relief • relates only to properties occupied by a charity and used for charitable purposes?			
10 Have you obtained evidence that the mandatory reduction in rate yield for community amateur sports clubs at line 11 has been properly stated and • reflects the granting of 80% rate relief • relates only to properties used by registered sports clubs?			
11 Have you obtained evidence that the reduction in rate yield for disabled persons at line 12 has been properly stated and • includes any institutional building where half or more of the floor area is used for specified qualifying purposes • reflects the amount of rates attributable to that part of the building used exclusively for qualifying purposes?			
12 Have you obtained evidence that the mandatory reduction in rate yield for rural settlements at line 13 has been properly stated and • relates only to qualifying businesses in settlements on the authority's rural settlement list • relates only to settlements which have been designated by Scottish Ministers as rural areas • relates to properties where rateable values are below thresholds • reflects 50% rate relief granted?			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
13 Have you obtained evidence that the reduction in rate yield for small business mandatory relief at line 14 has been properly stated and • relates only to businesses with a cumulative rateable value of £35,000 or less • been awarded over and above other reliefs • reflects total reliefs granted of between 25 and 100%?			
14 Have you obtained evidence that the reduction in rate yield for the renewable energy relief scheme at line 15 has been properly stated and • relates only to properties used solely for production of renewable energy • been awarded only where applications have been made?			
15 Have you obtained evidence that amounts included in line 16 in respect of enterprise area relief have been properly stated and • relates to new properties or properties vacant for 3 months • relates to properties in enterprise areas • is in respect of specified activities • has been awarded only where applications have been made?			
16 Have you obtained evidence that the reduction in rate yield at in respect of hardship line 18 has been properly stated and • the authority is satisfied that the rate-payer would sustain hardship if relief was not granted, and it is reasonable to do so having regard to the interest of council tax payers • the relief has been awarded in line with the authority's policy • reflects 75% of the rate relief granted?			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
17 Have you obtained evidence that the reduction in rate yield in respect of charities and other organisations at line 19 has been properly stated and • the discretionary relief has been awarded in line with the authority's policy • reflects 75% of discretionary rate relief granted for up to 20% of charities bill (i.e. net of mandatory relief) • reflects 75% of discretionary rate relief granted for other non-profit making organisations?			
18 Have you obtained evidence that the reduction in rate yield in respect of sports clubs at line 20 has been properly stated and • the discretionary relief has been awarded in line with the authority's policy • reflects 100% of the discretionary rates relief granted?			
19 Have you obtained evidence that the reduction in rate yield in respect of backdated relief at line 21 has been properly stated • the discretionary relief has been awarded in line with the authority's policy • reflects decisions to backdate made within the first 6 months of a financial year • reflects 75% of backdated rates relief granted for charities and similar organisations • reflects 100% of backdated rates relief granted for sports centres?			
20 Have you obtained evidence that the reduction in rate yield in respect of rural settlements at line 22 has been properly stated and • the discretionary relief has been awarded in line with the authority's policy • reflects 75% of discretionary rate relief granted			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
on those properties entitled to 50% mandatory relief • reflects 75% of discretionary rate relief granted to other properties which are of benefit to the local community?			
21 Have you obtained evidence that the reduction in rate yield in respect of stud farms at line 23 has been properly stated and • the discretionary relief has been awarded in line with the authority's policy • reflects 75% of discretionary relief granted on stud farms – established on or after 1 April 2003 – with a maximum rateable value of £7,000?			
22 Have you obtained evidence that the authority considered the state aid implications of awarding discretionary benefits where de minimis levels have been breached?			
23a Where the authority does not take the option to report only the net change, have you obtained evidence that the reduction in rate yield in respect of bad or doubtful debts at lines 24 and 27 and the increase at line 31 have been properly stated and • the write off of bad debts has been properly approved • provisions have been calculated on a reasonable basis • line 24 reflects reductions to the yield for rates relating only to 2016/17 • line 27 reflects reductions to the yield for rates relating to 1993/94 to 2015/16 • line 31 reflects increases in the rate yield for bad debts written off in previous years which			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
have been collected or are now considered. OR 23b Where the authority takes the option to report only the net change in bad or doubtful debts, have you obtained evidence that the adjustments in rate yield in respect of lines 24, 27, and 31 have been properly stated and • the write off of bad debts has been properly approved • provisions have been calculated on a reasonable basis • line 24 reflects reductions to the yield for rates relating only to 2016/17 • line 27 reflects any net reduction to the yield for rates relating to 1993/94 to 2015/16 • line 31 reflects any net increase in the rate yield for bad debts written off in previous years which have been collected or are now considered.			
24 Auditors should obtain evidence that the reductions in rate yield in respect of appeals at lines 28 have been properly stated and • repayments are included only where an overpayment has been caused by error or an incorrect entry in the valuation roll • transitional relief has been taken into account where relevant.			
25 Have you obtained evidence that the reduction in rate yield at line 25 in respect of interest payable on overpayments has been properly stated and reflects amounts paid in the year?			
26 Have you obtained evidence that adjustments to the rate yield at lines 29 and 32 due to late changes to the valuation roll have been properly stated and • relate to a preceding year and have not been			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
taken into account in previous notified returns • line 29 reflects late deductions from the roll • line 32 reflects late additions now due?			
27 Have you obtained evidence that any amounts at line 34 in respect of backdated small business relief and bonus have been properly stated?			
28 Have you obtained evidence that any TIF income at line 35 is properly stated?			
29 Have you obtained evidence that any BRIS income at line 36 is properly stated?			
30 Have you obtained evidence that any other additions or reductions in rate yield at lines 37 have been properly stated and the reason notified to the Scottish Government including: • steel sites relief in Motherwell or Glasgow • telecommunications relief for towers and mast sites in mobile mast pilot areas.			
31 Have you checked that the notified amount at line 38 is the sum of the gross amount adjusted for reliefs, additions and deductions?			
32 Have you obtained evidence that any figure for local rates relief is properly stated?			

Completion procedures	Yes/No/N/A	Initials/date	W/P ref
1 Have you concluded whether the return is • fairly stated • in accordance with the relevant regulations?			

Completion procedures	Yes/No/N/A	Initials/date	W/P ref
2 Have you completed the auditor's certificate and included any qualifications to your conclusion in a covering letter?			
3 Have you submitted the return, completed auditor's certificate and any covering letter to the Scottish Government by 7 October 2016?			

Appendix 2

Rules for completing return

The key source of guidance in respect of the return is the guidance notes provided by the Scottish Government which can be accessed by following the hyperlinks and can be downloaded from Audit Scotland's *Technical reference library*.

The following legislation provides the basis for the operation of NDR and the compilation of the return, but it should not be necessary to refer to them unless there is uncertainty or disagreement

- Schedule 12 of the Local Government Finance Act 1992 sets out arrangements for payments to local authorities, contributions, and accounts. It also confers upon the Scottish Ministers the power to make regulations.
- The Non-Domestic Rating Contributions (Scotland) Regulations 1996 are the principal regulations which provide rules for the calculation of the contribution to the pool.
- The Non-Domestic Rating Contributions (Scotland) Amendment Regulations 1997 amended the rules concerning discretionary relief for certain premises in rural settlements and the backdating of discretionary rating relief for charitable organisations.
- The Non-Domestic Rating Contributions (Scotland) Amendment Regulations 1999 removed requirements no longer necessary as a result of the removal of crown exemption and introduced requirements for local authorities to calculate a separate sum for adjustments attributable to bad debts and appeals retrospectively for the period prior to and subsequent to devolution.
- The Non-Domestic Rate (Scotland) Order 2016 sets the poundage rate for 2016/17.
- The Non-Domestic Rates (Levying) (Scotland) Regulations 2016 make provision for additional annual amounts for properties valued at £35,000 or more and sets out reliefs where valuations are less than £18,000 under the small business bonus scheme.
- The Non-Domestic Rates (Renewable Energy Generation Relief) (Scotland) Regulations 2010 introduced the *Renewable energy relief scheme*.
- The Non-Domestic Rates (Renewable Energy Generation Relief) (Scotland) Amendment Regulations 2016 introduces community benefit or new build requirements for renewable energy relief from 1 April 2016.
- The Non-Domestic Rating (Payment of Interest) (Scotland) Regulations 1992 provide for the payment of interest where an authority makes a repayment of rates.
- The Non-Domestic Rates (Enterprise Areas) (Scotland) Regulations 2012 (as amended 2013, 2016) provide relief, to businesses in defined enterprise areas.
- The Non-Domestic Rating (unoccupied Property)(Scotland) Amendment Regulations 2013 contained amendments to the unoccupied property relief and introduced the *New start* and *Fresh start* reliefs.

- The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2014 contained amendments *to the Fresh start relief.*
- The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2016 make further changes in respect of unoccupied property relief from 1 April 2016.
- The Non Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Amendment Order 2010 sets out the designated areas for rural rate relief.
- The Valuation (Stud Farms) (Scotland) Order 2005 covers discretionary relief for stud farms.
- The Non-Domestic Rates (Steel Sites) (Scotland) Regulations 2016 provide for relief in respect of two addresses in Motherwell and Glasgow.
- The Non-Domestic Rates (Telecommunication Installations) (Scotland) Regulations 2016 provide for relief in respect of new tower or masts used for electronic communication services in mobile masts pilot areas.

Appendix 3

External auditor's certificate

I/we have examined the entries in this non domestic rates income return for 2016/17 and the related accounts and records of [insert name of council] in accordance with *Technical guidance note TGN/GEN/17* and *Technical guidance note TGN/NDR/17*, and have obtained such evidence and explanations, and carried out such tests, as I/we have considered necessary.

Except for the qualification(s) set out in my/our letter dated…………….., I have concluded that the return is

- fairly stated
- in accordance with the relevant regulations.

Signed…………………………………….. (Appointed external auditor)

Date……………………………