

Technical Guidance Note TGN/NDR/25

**Auditor Certification of 2024/25 Non-Domestic Rates
Income Returns**



 **AUDIT SCOTLAND**

Prepared for appointed auditors in the local government sector

21 July 2025

Contents

Return overview	3
Introduction	4
1. Preliminary procedure	6
2. Testing procedures	8
3. Completion procedures	36
Appendix 1. Auditor action checklist	38
Appendix 2. Rules for completing claim	49
Appendix 3. External auditor's certificate	53

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Return overview

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 2024/25	12 June 2025	10 October 2025
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. Subsidy control implications have not been considered where limits have been breached. 5. Adjustments for bad or doubtful debts are not properly calculated. 6. Refunds of overpayments are not properly calculated. 7. Other deductions and additions are not properly calculated.		
Address for certified claim		
Email: lgfstats@gov.scot		
Technical Guidance Note publication date and relevant year	Email for consulting with Innovation and Quality	
21 July for 2024/25 claims	TechnicalQueries@audit-scotland.gov.uk	

Introduction

Purpose

1. The purpose of this Technical Guidance Note (TGN) from Audit Scotland's Innovation and Quality (I&Q) is to provide external auditors appointed by the Accounts Commission with guidance on the certification of 2024/25 non-domestic rate income (NDRI) returns. The approach set out in this TGN has been agreed with the Scottish Government.
2. Appointed auditors are required by the [Code of Audit Practice](#) to examine, as part of their audit appointment, approved grant claims and other financial returns submitted to grant-paying bodies by local authorities and provide reasonable assurance as to whether they are fairly stated and in accordance with specified terms and conditions. One of the approved claims that auditors are required to certify is in respect of NDRI.
3. This TGN:
 - provides guidance for auditors on the examination of the NDRI return, including highlighting the main risk areas
 - sets out and explains an overview of the certification approach, the preliminary procedures (at section 1), testing procedures (at section 2), and completion procedures (at section 3) that auditors should carry out (all summarised in the checklist at Appendix 1)
 - provides an external auditor's certificate at Appendix 3
 - clarifies for the Scottish Government the nature of work undertaken by appointed auditors before giving their certificate.
4. Auditors are required to express their conclusion in a certificate attached to each claim. The assurance process performed by auditors is therefore described in the [Code of Audit Practice](#) as the certification of each claim.
5. Although this TGN provides a concise summary of the scheme, it may still be necessary for auditors to refer to the source material listed at Appendix 2 on which this note is based.

Nature of return

6. 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.

7. 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.

8. In October each year, authorities submit an updated estimate of NDRI in the mid-year estimate returns (MYE). These are used to calculate each local authority's distributable amount.

9. 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.

Changes from 2023/24

10. There have been limited changes to the reliefs reported in 2023/24:

- A new islands hospitality relief has been introduced at line 26 of the return.
- Relief reported in line 53 relating to Green Freeports now includes both Green Freeports and Investment Zones.
- Line 55e has been included for 2024/25 to report local small business transitional relief.

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 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 12 June 2025. Where submission was not possible by that date, the authority should aim to do so as soon as practicable.

Consulting with Innovation and Quality (I&Q)

14. Auditors should consult with I&Q by completing the [enquiry form](#) and sending it by email to: technicalqueries@audit-scotland.gov.uk

1. Preliminary procedure

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

Preliminary procedure 1 - Completion of form

Auditors should evaluate whether:

- 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.
-

15. 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.

16. 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 (i.e. the proportion funded by the Scottish Government), 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.
- The amount by which rates are reduced on short term partly unoccupied properties
- Income retained by the local authority from the Tax Incremental Financing (TIF), Non-Domestic Rates Incentivisation Scheme (NDRIS), and Green Freeports.

17. 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.

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

2. Testing procedures

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

Test 1 – Amount before reliefs (lines 1 and 6)

Auditors should obtain evidence that the amount payable in lines 1 and 6:

- 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 2024/25.

19. The amount payable in lines 1 and 6 is the theoretical maximum rate yield in respect of 2024/25 if the properties included in the valuation roll were occupied and not subject to any reliefs or exemptions. It is calculated using non-domestic properties’ rateable values (RV) multiplied by a rate per pound (£) specified by Scottish Ministers. The last revaluation introduced rateable values effective from 1 April 2023.

20. The poundage rate for 2024/25, set by [The Non-Domestic Rate \(Scotland\) Order 2024](#), and the intermediate property rate and the higher property rate set by [The Non-Domestic Rates \(Levying and Miscellaneous Amendment\) \(Scotland\) Regulations 2024](#) are included, along with rates for earlier years, in the following table:

Year	Poundage rates	
	RV £29,000 or less	RV more than £29,000
2005/06	0.461	0.4655
2006/07	0.449	0.453
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

Year	Poundage rates		
2010/11	0.407	0.414	
2011/12	0.426	0.433	
2012/13	0.450	0.458	
2013/14	0.462	0.471	
2014/15	0.471	0.482	
2015/16	0.480	0.493	
2016/17	0.484	0.510	
	RV £51,000 or less	RV more than £51,000	
2017/18	0.466	0.492	
2018/19	0.480	0.506	
2019/20	0.490	0.516	
	RV £51,000 or less	RV more than £51,000 but £95,000 or less	RV more than £95,000
2020/21	0.498	0.511	0.524
2021/22	0.49	0.503	0.516
2022/23	0.498	0.511	0.524
	RV £51,000 or less	RV more than £51,000 but £100,000 or less	RV more than £100,000
2023/24	0.498	0.511	0.524
2024/25	0.498	0.545	0.559

Test 2 - Intermediate property rate (lines 2a & 2b)

Auditors should obtain evidence that:

- the amount in line 2a is the amount payable in respect of the gross intermediate property rate; and
- the amount in line 2b is the net amount in respect of the intermediate property rate.

21. The gross amount payable in respect of the intermediate property rate included in line 1 should also be separately reported at line 2a. The intermediate property rate is payable by businesses with a rateable value in excess of £51,000 but less than or equal to £100,000. The supplement for 2024/25 is 4.7p in addition to the basic rate as set out in the table above.

22. Where possible, both the gross and net yields should be included. However, where the gross amount in respect of the intermediate business supplement is not available, the amount net of reliefs and deductions should be included at line 2b. Lines 2a and 2b should only include the difference between the basic property rate and the intermediate property rate.

23. The entries and errors previously identified by the Scottish Government are as shown in the following table:

Line	Details	Common errors
2a	The total gross income from the intermediate property rate for all properties liable for the supplements	Only the intermediate property rate income for properties not receiving relief was included in line 2a
2b	The value in line 2a reduced for the value of reliefs awarded showing the net income raised through the intermediate property rate.	Only the intermediate property rate income for properties receiving relief was included in line 2b.

Test 3 – Higher property rate (lines 3a & 3b)

Auditors should obtain evidence that:

- the amount in line 3a is the amount payable in respect to the gross higher property rate; and
- the amount in line 3b is the net amount payable in respect to the higher property rate.

24. The gross amount payable in respect of the higher property rate included in line 1 should also be separately reported at line 3a. The higher property rate is payable by businesses with a rateable value in excess of £100,000. The supplement for 2024/25 is 2.6p in addition to the basic rate as set out in the table above.

25. Where possible, both the gross and net yields should be included. However, where the gross amount in respect of higher business property rate is not available, the amount net of reliefs and deductions should be included at line 3b. Lines 3a and 3b should only include the difference between the basic property rate and the higher property rate.

26. The entries and some common errors previously identified by the Scottish Government are shown in the following table:

Line	Details	Common errors
3a	The total gross income from the higher property rate for all properties liable for the supplements.	Only the higher property rate income for properties not receiving relief was included in line 3a.
3b	The value in line 3a reduced for the value of reliefs awarded showing the net income raised through the higher property rate.	Only the higher property rate income for properties receiving relief was included at line 3b.

Test 4 - Church exemption (line 4a)

Auditors should confirm that the amount included at line 4a for church and religious relief exemption equals the amount included at line 8 for deductions.

27. The gross amount included in line 1 in respect of churches and religious relief exemption should be included at line 4a for information in addition to being included at line 8 as a deduction (see test 8).

Test 5 – Reduction for short term partly unoccupied properties (line 4b)

Auditors should confirm that the amount included at line 4b for reduction for short term partly unoccupied properties equals the amount included at line 34a for deductions.

28. The gross amount included in line 1 in respect of the reduction for short term partly unoccupied properties should be included at line 4b for information in addition to being included at line 34a as a deduction (see test 36)

Test 6 - Adjustments for in year changes to rateable values (line 5)

Auditors should confirm that any adjustments to the amount payable for in year rateable value changes are included at line 5.

29. Some authorities make adjustments to the amount payable in line 1 to reflect changes to rateable values 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 5.

Test 7 - Fresh Start (line 7)

Auditors should obtain evidence that the amount included at line 7 in respect of Fresh Start relief is properly stated and:

- **100% relief has been granted for all properties that were unoccupied for at least 6 months before becoming occupied**
- **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.**

30. Fresh Start relief was introduced by [The Non-Domestic Rating \(Unoccupied Property\) \(Scotland\) Amendment Regulations 2013](#) and amended by [The Non-Domestic Rating \(Unoccupied Property\) \(Scotland\) Regulations 2018](#) and the [Non-Domestic Rates \(Levying and Miscellaneous Amendment\) \(Scotland\) Regulations 2024](#). This is a 100% relief for a period of 12 months available to eligible properties:

- with rateable values of up to £100,000
- that have been in receipt of empty property relief for a continuous period of at least 6 months prior to becoming occupied.

31. The relief is available to all types of property. It is available for the 12-month period immediately following occupation. Property-occupiers are required to make an application for relief.

32. 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.

33. Fresh Start relief 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 8 and 4a)

Auditors should obtain evidence that the reduction in rate yield for churches, etc in line 8 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.

34. 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 (lines 9 and 9a)

Auditors should obtain evidence that the mandatory reduction in rate yield for charities at line 9 has been properly stated and:

- reflects the granting of 80% rate relief
- relates only to properties occupied by a registered charity
- the amount of relief granted to ALEOs is separately reported at line 9a.

35. This relief relates only to properties occupied by a charity registered with the Office of the Scottish Charity Regulator (OSCR), or its trusts, and wholly or mainly used for charitable purposes (whether of that charity or other charities).

36. Section 17 (2) of [the Non-domestic rates \(Scotland\) Act 2020](#) removed eligibility for charity relief from mainstream independent schools from 1 April 2022.

37. Auditors should confirm that any property granted this relief is on the [Scottish charity register](#)

38. OSCR-registered charities are required to pay only 20% of the rates otherwise due (and may pay less where top up discretionary relief for this category has been granted).

39. Reliefs granted to ALEOs should be included in the figure reported at line 9 and also reported separately at line 9a.

Test 10 - Sports clubs mandatory relief (line 10 and 10a)

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

- reflects the granting of 80% rate relief
- relates only to properties used by registered sports clubs
- the amount of relief in relation to ALEOs is separately reported at line 10a.

40. Community Amateur Sports Clubs (CASCs) or sports clubs which are registered with HM Revenue and Customs qualify for 80% mandatory relief under Section 98 of [The Charities and Trustee Investment \(Scotland\) Act 2005](#).

41. Auditors should confirm that ratepayers granted this relief are registered with [HM Revenue and Customs](#).

42. Mandatory relief granted should be included in line 10. Local authorities can also top up relief to 100% with the use of discretionary relief (for example if the premises are unlicensed).

43. Reliefs granted to ALEOs should be included in the figures reported at line 10 and also reported separately at line 10a.

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

Auditors should obtain evidence that the reduction in rate yield for disabled persons at line 11 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 12)

Auditors should obtain evidence that the mandatory reduction in rate yield for rural settlements at line 12 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 100% 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 2023 for 2024/25. 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 rates relief where their rateable values are less than prescribed thresholds. [The Don-Domestic Rates \(Rural Areas\) \(Scotland\) Regulations 2017](#) set this relief at 100%.

47. Designated areas can be found in [The Non Domestic Rating \(Rural Areas and Rateable Value Limits\) \(Scotland\) Amendment Order 2010](#) , and 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
- the only 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.

Test 13 - Small Business Bonus Scheme (line 13)

Auditors should obtain evidence that the reduction in rate yield for small business bonus scheme mandatory relief at line 13 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 up to 100%
- relates only to properties that are occupied.

48. Line 13 should record the reduction in rate yield in 2024/25 resulting from mandatory rate relief under the Small Business Bonus scheme. There are different relief rates for businesses with single properties on the valuation roll and businesses with multiple properties. [The Non-Domestic Rates \(Levying and Miscellaneous Amendment\) \(Scotland\) Regulations 2024](#) set the single entry and cumulative rateable value ranges for relief in 2024/25:

RV bandings £		Relief percentage
Single entry in valuation roll		
From	to	
0	12,000	100%
12,001	15,000	$100 - (75 \times (1 - \frac{(15000 - RV)}{3000}))$
15,001	20,000	$25 \times (\frac{(20000 - RV)}{5000})$

RV bandings £		Relief percentage
Multiple entries in valuation roll		
From	to	
0	12,000	100%
12,001	35,000	25% on each individual property with a rateable value of £15,000 or less For individual properties with rateable value £15,001 to £20,000: $25 \times \left(\frac{20000 - RV}{5000} \right)$

49. The following properties are not eligible for the Small Business Bonus scheme relief:

- unoccupied properties
- advertisements
- car parks
- betting shops
- properties used for payday lending.

50. 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 other relief is:	Amount included under other relief	Amount included under bonus scheme (line 13)
Higher	Full amount	Nil
Lower	Full amount	Remaining balance

- Where the other relief is higher than under the bonus scheme, there is no entry in line 13 for that item.
- Where the relief under the bonus scheme is higher than the other relief, the total relief should be spread with only the remainder included in line 13.

Test 14 - Small Business/Rural Transitional Relief (line 14)

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

- relates only to properties which qualify for small business bonus scheme and/or rural relief
- the property was on the valuation roll on 31 March 2023 and 1 April 2023
- has been awarded only where applications have been made.

51. Following the 2023 revaluation, [The Non-Domestic Rates \(Transitional Relief\) \(Scotland\) Regulations 2024](#) provide a cap of £1,200 on the maximum increase in the net rates payable in 2024/25 relative to 31 March 2023, after other reliefs have been applied. It is available for properties:

- entitled to Small Business Bonus Scheme relief in 2022/23, and/or
- entitled to either mandatory or discretionary rural relief in 2022/23 but no longer entitled in 2023/24 due to the properties rateable value exceeding the qualifying threshold.

52. Eligibility for the relief requires the property to have been included on the valuation roll both on 31 March 2023 and 1 April 2023. Eligibility ceases where there is a merger, split or reorganisation of the valuation roll entry for the property after 1 April 2023.

53. Ratepayers are required to submit an application for the relief.

Test 15 - 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.

54. Line 15 should record the reduction in rate yield 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](#) (as amended in [2016](#), [2017](#), [2018](#), and [2021](#)). 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, from 2018/19, properties used for hydro schemes. It is necessary for ratepayers to have made an application for relief, and this relief must be applied before the calculation of other reliefs.

55. Eligibility for community benefit renewable relief requires arrangements that give at least 15% of the annual profit (or profit attributable to 0.5 megawatt of capacity if lower) to a community organisation, in return for investment by that organisation. Qualifying properties with a rateable value up to £145,000 are

entitled to 100% relief, while relief is tapered for properties with higher values. The percentage relief for each banding is shown in the following table:

Cumulative RV	Relief
up to £145,000	100%
over £145,000 and up to £430,000	50%
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%

56. [The Non-Domestic Rates \(Renewable Energy Generation Relief\) \(Scotland\) Amendment Regulations 2018](#) introduced a 60% relief from 2018/19 for properties used solely for hydro schemes (where renewable heat or power is produced from waves and tides but not from pumped storage of water) with a rateable value of no more than £5 million.

Test 16 - District heating relief (line 16)

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

- relates to properties used wholly or mainly for the purposes of a district heating network
- has been awarded only where applications have been made.

57. [The Non-Domestic Rates \(District Heating Relief\) \(Scotland\) Regulations 2017](#) introduced a 50% application-based relief in respect of property used for the purposes of a district heating network. District heating relief is not applicable if other reliefs already amount to 50%.

58. [The Non-Domestic Rates \(District Heating Relief and Renewable Energy Generation Relief\) \(Scotland\) Amendment Regulations 2021](#) introduced a 90% relief for premises wholly or mainly being used for a district heating network installed on or after 1 April 2021, that are powered by renewables.

59. Applications must be made in writing and be signed by the rate payer or person authorised to sign on their behalf.

Test 17 - Enterprise areas (line 17)

Auditors should obtain evidence that the reduction in rate yield for enterprise area relief at line 17 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

Test 17 - Enterprise areas (line 17)

- has been awarded only where applications have been made.

60. [The Non-Domestic Rates \(Enterprise Areas\) \(Scotland\) Regulations 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 in the following table:

Life Sciences	Low Carbon/ Renewables North	Low Carbon / Renewables East	General Manufacturing and Growth Sectors
Irvine (N. Ayrshire) - part of site	Hatston (Orkney)	Leith (Edinburgh)	Creative Clyde (Glasgow City)
Forres (Moray)	Arnish (Western Isles)		Prestwick International - aerospace (S. Ayrshire)
Inverness Campus (Highland)	Scrabster (Highland)		West Lothian - Food and drink manufacturing
BioQuarter (Edinburgh)	Lyness (Orkney)		
BioCampus (Midlothian)			
BioCity (North Lanarkshire)			

61. Each area comprises a number of defined geographic locations. Boundaries for each location are set out in a [series of maps](#).

62. Relief is available only to:

- new entries on the roll or properties which have been vacant for at least a three month period
- businesses undertaking certain activities set out in Schedule 1 of the 2016 regulations.

63. 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 is set out in the following table:

Rateable value	Relief
up to £120,000	66.7%
over £120,000 and up to £240,000	33.3%
over £240,000 and up to £480,000	16.7%
over £480,000 and up to £1,200,000	6.7%

Rateable value	Relief
over £1,200,000 and up to £2,400,000	3.3%
over £2,400,000	1.7%

Test 18 Revaluation Transitional relief (line 18)

Auditors should obtain evidence that the reduction in rate yield for general transitional relief has been properly stated and awarded only where the property was on the valuation roll on 31 March 2023 and 1 April 2023.

64. Following the revaluation exercise applicable from 1 April 2023, The Non-Domestic Rates (Transitional Relief) (Scotland) Regulations 2024 provide for general transitional relief available during 2024/25 for all property types. Ratepayers are not required to submit an application for the relief.

65. The general transitional relief caps the increase to the gross bill for any day in 2024/25, to a maximum percentage of the gross bill for 31 March 2023 dependent on the rateable value on 1 April 2023, as set out in the following table:

Rateable value on 1 April 2023	Percentage increase cap
up to £20,000	25%
over £20,000 and up to £100,000	50%
over £100,000	75%

67. Eligibility for general transitional relief requires the property to have been included on the valuation roll both on 31 March 2023 and 1 April 2023.

68. If the property is shown as a split or reorganised entry taking effect on 1 April 2023, a reduction is applied to the gross bill. The reduction is the gross bill divided by the relevant factor set out in the table below:

Rateable value	Relevant factor
up to £20,000	1.2
over £20,000 and up to £100,000	1.25
over £100,000	1.4

69. A property can continue to be eligible for this relief upon a change of ratepayer.

70. [Finance circular 5/2024](#) provides information to local authorities on the operation of the scheme.

Test 19 - Day nursery relief (line 19)

Auditors should obtain evidence that the reduction in rate yield for day nursery relief at line 19 has been properly stated and:

- relates only to properties that are used wholly or mainly as a day nursery
- has been awarded only where applications have been made
- reflects 100% rate relief granted.

71. [The Non-Domestic Rates \(Day Nursery Relief\) \(Scotland\) Regulations 2018](#) introduced a relief for any land and heritages that are used as a day nursery. The scheme has been extended indefinitely.

72. Ratepayers are required to submit an application for the relief.

Test 20 – Business Growth Accelerator relief (line 20-21)

Auditors should obtain evidence that the reduction in rate yield for Business Growth Accelerator relief has been properly stated and:

- awarded only where applications have been received in respect of:
 - improved (line 20a) or new (line 20b) properties added to the valuation role after first occupation
 - newly added properties added to the valuation role having never been occupied (line 21)
- reflects 100% rate relief granted.

73. [The Non-Domestic Rates \(New and Improved Properties\) \(Scotland\) Regulations 2018](#) introduced a 100% Business Growth Accelerator relief for properties newly added to the valuation roll (also referred to as new and improved properties relief). Ratepayers are required to apply for the relief.

74. Relief for properties that have yet to be occupied should be reported at line 21. The relief continues for twelve months after occupation, and that element should be reported at line 20. The return requires improved properties to be reported separately (line 20a) from new, occupied properties (line 20b).

75. [The Non-Domestic Rates \(Relief for New and Improved Properties\) \(Scotland\) Regulations 2019](#) (as amended in [2021, 2022 and 2023](#)) provide that:

- if a building in receipt of new build relief is further expanded or improved and where the rateable value increases as a result, it will not pay rates on the value attributable to the improvements for twelve months.

- relief for property improvements will be available even where there is an increase in rateable value due in whole or in part to a change in the way the property is being used. A property that was converted from one type of use to another (e.g. office to hotel) may qualify for relief, subject to the other eligibility criteria.
- the relief continues for twelve months after occupation or the latter of:
 - four years after the date on which the entry in the valuation roll took effect or
 - 31 March 2025.
- an application for relief in 2024/25 may be made during the 2025/26 financial year.

76. Where an occupied property on the valuation roll in receipt of new-build relief is split, relief continues to be available on each part until the end of the twelve-month occupation period.

77. The relief is not available where a new entry in the valuation roll is for a property that was previously a dwelling.

78. Where the rateable value has increased as a result of buildings or parts of buildings being expanded or improved, the liability will be calculated based on the rateable value prior to any such improvements having been made. Relief is not available where the increase in the property's rateable value is caused by a split, merger or reorganisation.

Test 21 – Mobile mast relief (line 22)

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

- awarded only where applications have been received in respect of entries added to the valuation roll from 1 April 2016 for lands and heritages occupied by a tower or mast used for electronic communication services in pilot areas
- reflects 100% of the rate relief granted.

79. [The Non-Domestic Rates \(Telecommunication Installations\) \(Scotland\) Regulations 2016](#) (as amended in [2018](#), [2019](#) and [2024](#)) provide for 100% relief from business rates in respect of new entries to the valuation roll between 1 April 2016 and 31 March 2031 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 Cairngorms. The coordinates for eligible locations are available on the [Scottish Government website](#).

Test 22 –New fibre relief (line 23)

Auditors should obtain evidence that the reduction in rate yield in respect of new fibre relief at line 23 has been properly stated and:

- awarded only where applications have been received in respect of new fibre infrastructure for telecommunications
- reflects 100% rate relief granted.

80. [The Non-Domestic Rates \(Telecommunications New Fibre Infrastructure Relief\) \(Scotland\) Regulations 2019](#) introduced a 100% relief from business rates to any provider of new fibre infrastructure for telecommunication. Relief is available until 31 March 2034.

81. [The Non-Domestic Rating \(Telecommunications New Fibre Infrastructure\) \(Scotland\) Order 2019](#) provides that where new telecommunications fibre infrastructure is installed on land, separate entries must be made on the valuation roll and separate valuations obtained for the new fibre infrastructure and for the existing land and buildings on the site.

82. Ratepayers are required to apply for the relief.

Test 23 – Lighthouse relief (line 24)

Auditors should obtain evidence that the reduction in rate yield in respect of lighthouses at line 24 has been properly stated

83. Section 221 of [the Merchant Shipping Act 1995](#) provides 100% relief for lighthouses, buoys and beacons, and premises or property belonging to or occupied by any of the general lighthouse authorities.

Test 24 – Parks transitional relief (line 25)

Auditors should obtain evidence that the reduction in rate yield in respect of parks transitional relief at line 25 has been properly stated and:

- awarded only where applications have been received in respect of parks transitional relief
- reflects 67% rates due.

84. [Section 5 of the Non-Domestic Rates \(Scotland \) Act 2020](#) came into force in 2023/24 and [The Non-Domestic Rates \(Transitional Relief\) \(Scotland\) Regulations 2023](#) provide for 67% relief for parks, or parts of parks, that existed but were not rateable on 31 March 2023, and which became rateable on 1 April 2023 under Section 5 of the 2020 Act.

85. Ratepayers are required to submit an application for the relief.

Test 25 – Islands and remote areas hospitality relief (line 26)(NEW)

Auditors should obtain evidence that the reduction in rate yield in respect of islands and remote areas hospitality relief at line 26 has been properly stated and:

- awarded only where applications have been received
- reflects 100% of the rate relief granted.

86. [The Non-domestic Rates \(Islands and Remote Areas Hospitality Relief \(Scotland\) Regulations 2024](#) introduced a 100% relief for properties in the hospitality sector located on islands or in the following areas:

- Cape Wrath
- Knoydart
- Scoraig.

87. Relief is capped at £110,000 per ratepayer. Ratepayers are required to apply for the relief.

Test 26 - Hardship relief - discretionary (line 27)

Auditors should obtain evidence that the reduction in rate yield in respect of hardship at line 27 has been properly stated and:

- the authority is satisfied that the ratepayer 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.

88. [Section 25A of the Local Government etc. \(Scotland\) Act 1966](#) permits local authorities to remit rates in whole or in part if they are satisfied that the ratepayer would sustain hardship if relief was not granted, and it is reasonable to do so having regard to the interests of council tax-payers.

89. Line 27 should represent 75% of any relief granted and is offset against the authority's contribution to the pool.

Test 27 - Charities (excluding sports clubs) and other organisations - discretionary (lines 28 and 28a)

Auditors should obtain evidence that the reduction in rate yield in respect of charities and other organisations at line 28 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.
- separately reports 75% of the discretionary rate relief included in line 28 in relation to ALEOs at line 28a.

90. Authorities are permitted to grant discretionary relief to OSCR-registered 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 28.

91. Authorities may also grant up to 100% relief to certain other non-profit-making bodies. To qualify, an organisation must be:

- charitable (i.e. relief of poverty; advancement of religion; advancement of education; or other purposes beneficial to the community); or
- religious; or
- concerned with education, social welfare, science, literature or the fine arts.

92. 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 lines 28 and 29).

93. Reliefs granted to ALEOs should be included in line 28 and separately reported at line 28a. This relief should be 75% of the discretionary relief granted.

Test 28- Sports clubs - OSCR-registered and/or CASCs - discretionary (lines 29 and 29a)

Auditors should obtain evidence that the reduction in rate yield in respect of sports clubs at line 29 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 the bill for CASCs or sports clubs which are registered charities
- separately reports at line 29a 75% of the amount of discretionary rate relief in relation to ALEOs included at line 29.

94. In addition to the mandatory relief included at line 10, authorities may grant discretionary top up relief to sports clubs. The return requires CASCs and sports clubs that are registered charities to be reported as follows:

- CASCs or sports clubs which are registered charities may be granted discretionary relief under [section 4\(5\)\(a\) of the Local Government \(Financial Provisions\) \(Scotland\) Act 1962](#). Line 29 should reflect 75% of the relief granted.
- Reliefs granted to ALEOs should be included in line 29 and also separately reported at line 29a. Line 29a should (as for line 29) reflect 75% of the relief granted to ALEOs.

Test 29 - Sports clubs - not for profit recreational organisations- discretionary (lines 30 and 30a)

Auditors should obtain evidence that the reduction in rate yield in respect of sports clubs at line 30 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 for not for profit clubs, societies or organisations used for recreation
- separately reports the amount of discretionary relief included in line 30 in relation to ALEOs at line 30a.

95. Where discretionary top up relief is granted to not for profit clubs, societies or organisations set up for recreational purposes under [section 4\(5\)\(c\) of the Local Government \(Financial Provisions\) \(Scotland\) Act 1962](#) e.g. where recognised by Sports Scotland, 100% of the discretionary reliefs granted can be offset. These should be included at line 309.

96. [Finance Circular 3/2021 Statutory Guidance - Sports Club Relief](#) introduced a requirement for local authorities to consider targeting relief to organisations that provide facilities for recreation and that:

- are set up with a formal constitution or governing document
- are open to the whole community (taking into account reasonable exclusions)
- have affordable membership and/or participation fees
- are organised on an amateur basis
- are managed by 'fit and proper persons'.

97. Reliefs granted to ALEOs should be included in line 30 and also separately reported at line 309a.

Test 30 - Rural rate relief - discretionary (line 31)

Auditors should obtain evidence that the reduction in rate yield in respect of rural settlements at line 31 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 to properties with a rateable value of less than £17,000 which are of benefit to the local community.

98. Authorities may extend relief to properties with a rateable value of less than £17,000 which are of benefit to the local community in line with the authority's policy.

99. This discretionary relief can be off set against the pool at a rate of 75% and should be reported at line 31.

Test 31 - Stud farms (line 32)

Auditors should obtain evidence that the reduction in rate yield in respect of stud farms at line 32 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.

100. 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](#).

101. 75% of this relief can be off set against the pool and should be recorded at line 32.

Test 32 - Subsidy control

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

102. Subsidy control (previously described as State Aid) refers to forms of public assistance given to undertakings on a discretionary basis, with the potential to distort competition and affect trade, as set out in the [Subsidy Control Act 2022](#). Subsidy control rules are applicable to rates relief.

103. The Minimal Financial Assistance (MFA) threshold is £315,000 over the current financial year and the two previous financial years. Authorities granting discretionary rate relief should consider subsidy control implications applicable in 2024/25 if the MFA threshold is breached.

Test 33a - Bad or doubtful debts (lines 34, 34a, 38, 38a, 47 and 47a) - 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 34, 34a, 38 and 38a and the increase at lines 47 and 47a have been properly stated and:

- the write off of bad debts has been properly approved
- provisions have been calculated on a reasonable basis
- line 34 reflects reductions to the yield for rates relating only to 2024/25
- line 38 reflects reductions to the yield for rates relating to 1993/94 to 2023/24
- line 47 reflects increases in the rate yield for bad debts written off in previous years which have been collected or are now considered collectable.
- Lines 34a, 38a and 47a separately report amounts relating to unoccupied properties included in lines 34, 38 and 47.

104. Bad or doubtful debts (i.e. impairment losses) in respect of rates for 2024/25 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.

105. 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.

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

- the entry in line 34 relates to bad debts written off and provisions for bad debt in respect of rates due for 2024/25
- the entry in line 34a separately reports bad debts written off and provisions for bad debt in respect of unoccupied properties included in line 34
- the entry in line 38 should include increases in bad debt provision and amounts written off in respect of rates due in the period 1993/94 to 2023/24
- the entry in line 38a separately reports increases in bad debt provision and amounts written off in respect of rates due in the period 1993/94 to 2023/24 for unoccupied properties included in line 38
- the entry in line 47 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
- the entry in line 47a separately reports bad debts in respect of preceding years which have been previously written off, but which have been collected or are now considered collectable in respect to unoccupied properties included in line 47.

Test 33b - Bad or doubtful debts (lines 34, 34a, 38, 38a 47 and 47a) – 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 34, 34a, 38, 38a, 47 and 47a have been properly stated and:

- the write off of bad debts has been properly approved
- provisions have been calculated on a reasonable basis
- line 34 reflects reductions to the yield for rates relating only to 2024/25
- line 38 reflects any net reduction to the yield for rates relating to 1993/94 to 2023/24
- line 47 reflects any net increase in the rate yield for bad debts written off in previous years which have been collected or are now considered collectable.
- Lines 34a, 38a and 47a separately report amounts relating to unoccupied properties included in lines 34, 38 and 47.

107. 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 38 rather than shown separately at line 47 where there is a net reduction in the yield (i.e. a net increase in bad debt adjustments). Line 38a separately reports amounts included in line 38 relating to unoccupied properties.

or

- Increases in bad debt provision and amounts written off are netted off at line 47 rather than shown separately at lines 38 and 47 where there is a net increase in the yield (i.e. a net decrease in bad debt adjustments). Line 47a will separately report amounts included in line 47 relating to unoccupied properties.

Test 34 - Appeals etc (line 39)

Auditors should obtain evidence that the reductions in rate yield in respect of appeals at lines 39 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.

108. 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 39.

109. 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 39 but should be included at line 48.

110. The previous transitional relief scheme 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

111. 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

112. The interest paid on overpaid rates during 2024/25 in respect of prior years should be included at line 35 'refunds of overpayments: interest'. There should be no provision made at line 39 for interest paid.

Test 35 - Interest (line 35)

Auditors should obtain evidence that the reduction in rate yield at line 35 in respect of interest payable on overpayments has been properly stated and reflects amounts paid in the year.

113. 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 34.

114. 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 (but not below 0%). Rates for 2024/25 and other years are set out below:

Year	%	Year	%	Year	%
1990/91	14%	2002/03	3.0%	2014/15	0%
1991/92	12%	2003/04	2.75%	2015/16	0%
1992/93	9.5%	2004/05	3.0%	2016/17	0%
1993/94	5%	2005/06	3.75%	2017/18	0%
1994/95	4.25%	2006/07	3.5%	2018/19	0%
1995/96	5.75%	2007/08	4.25%	2019/20	0%
1996/97	5%	2008/09	4.25%	2020/21	0%
1997/98	5%	2009/10	0%	2021/22	0%
1998/99	6.25%	2010/11	0%	2022/23	0%
1999/2000	4.5%	2011/12	0%	2023/24	3%
2000/01	5.00%	2012/13	0%	2024/25	4.25%
2001/02	4.75%	2013/14	0%		

115. Regulation 3(2) of the 1992 Regulations provides 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 36 - Amount by which rates are reduced on short term partly unoccupied properties (line 36)

Auditors should obtain evidence that the amount by which rates are reduced on short term partly unoccupied properties at line 36 has been properly stated and:

- relate to unoccupied or partly unoccupied properties
- is in line with the local authorities policy on Empty Property Relief (EPR)

116. EPR was devolved to individual local authorities in 2023/24, to allow councils to administer relief for unoccupied properties in a way that fits their local needs.

117. The Scottish Government has provided local authorities with a financial allocation to support this, and it is for councils to elect whether to administer relief under the powers afforded to them in [section 3A of the Local Government \(Financial Provisions etc.\) \(Scotland\) Act 1962](#).

118. 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 unoccupied parts of the property. The RV of the property will be taken as the occupied part for the purpose of any relief administered. The valuation roll itself will not be altered.

119. There is no statutory requirement for councils to require an application from ratepayers.

Test 37- Late changes to valuation roll (lines 40 and 48)

Auditors should obtain evidence that adjustments to the rate yield at lines 40 and 48 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 40 reflects late deductions from the roll
- line 48 reflects late additions now due.

120. Late changes to the valuation roll affect the rate yield in respect of a preceding year as set out in the following table:

Change	Nature	Effect on yield	Reporting line
Deductions from the roll	Amounts repayable to rate-payers, including contributions in lieu) not taken into account in previous returns	Remove from rate yield	Line 40

Change	Nature	Effect on yield	Reporting line
Additions to the roll	Amounts now payable to the authority) not taken into account in previous returns	Add to the rate yield	Line 48

121. Late deductions due to appeals should not be included in line 40, but instead be included in appeals in line 39.

Test 38 - Backdated relief (lines 41, 42, 43 and 44)

Auditors should obtain evidence that any amounts at lines 41, 42, 43 and 44 in respect of backdated relief have been properly stated.

122. Any backdated relief granted in 2024/25 should be included at:

- line 41 for sports club and charities relief
- line 42 for Small Business Bonus Scheme relief
- line 43 Business Growth Accelerator relief
- line 44 for any other backdated relief.

Test 39 – Tax Incremental Financing (TIF) income (line 51)

Auditors should obtain evidence that any TIF income at line 51 has been properly stated.

123. Where the authority has an approved TIF scheme, the notified amount of any additional TIF income should be included at line 51. 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.

Test 40 – Non-Domestic Rates Incentivisation Scheme (NDRIS) income (line 52)

Auditors should obtain evidence that any NDRIS income at line 52 has been properly stated.

124. [Finance Circular 3/2025](#) notified local authorities of the amounts to be retained for 2023/24 for individual local authorities, the final targets for 2024/25 and provisional targets for 2025/26. Under NDRIS, authorities who exceed agreed income targets can retain 50% of any additional income generated. Guidance relating to NDRIS is provided at Annex N of [Finance Circular 9/2014](#).

125. Any benefit, can be retained for two revaluation periods on the condition that the additional income is maintained. The Scottish Government have confirmed that the payment amounts for 2023/24 should be taken account of in the 2024/25 Notified return.

Test 41 – Green freeports and investment zone income (line 53)

Auditors should obtain evidence that any green freeports and investment zone income at line 53 has been properly stated.

126. [Finance Circular 4/2024](#) sets out the income retention available to authorities who have an approved green freeports site. Local authorities in which the green freeports are located retain the non-domestic rates income for that area above an agreed baseline, which is set annually using the green freeport annual return.

127. There were two designated green freeport sites in place during 2024/25: The Forth Green Freeport and the Inverness and Cromarty Green Freeport.

Test 42 - Other deduction/additions not included elsewhere (line 45)

Auditors should obtain evidence that any other additions or deductions in rate yield identified at line 45 has been properly stated and the reason notified to the Scottish Government.

128. Any additions or deductions that are not included elsewhere in the return should be identified at line 45. The authority should advise the Scottish Government of the nature of any entry in these lines by providing an explanation in the comments box.

129. 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).

Test 43 - Contributable amount (line 54)

Auditors should confirm that the contributable amount at line 54 is the sum of the gross amount adjusted for reliefs, additions and deductions.

130. The contributable amount at line 54 should equal:

- the amount at line 37 (i.e. the gross amount at line 1 less reliefs and other deductions in respect of 2024/25): less
- deductions at line 46: plus
- additions at line 49: less
- deductions in respect of TIF income at line 51: less
- deductions in respect of NDRIS income retained income at line 52: less

- deductions in respect of Green Freeports and investment zone income retained income at line 53.

Test 44 - Local rates relief (Line 55)

Auditors should obtain evidence that any figure for local rates relief at line 55 is properly stated.

131. 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 the line below the contributable amount and provide details of the scheme in the comments box.

3. Completion procedures

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

Completion procedures

Completion procedure 1 - Conclusion on return

Auditors should agree any necessary amendments and conclude whether the return is:

- fairly stated
- in accordance with the relevant regulations.

132. Auditors should:

- evaluate the results of their testing procedures set out in section 2
- 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 (including to total and sub-total cells)
- conclude whether the return, after the amendments have been made, is fairly stated and in accordance with the relevant regulations.

133. Amendments to the return are 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 regulations.

134. Any amendments (except those at lines 2a, 2b, 3a, 3b, 4a, 4b, 9a, 10a, 20a, 20b, 28a, 29a, 30a, 34a, 38a, 38b, 47a, 47b, 55a, 55b, 55c, 55d and 55e) should result in a change to the subtotals and totals on the return.

Completion procedure 2 - Auditor's certificate and covering letter

Auditors should complete the auditor's certificate and explain any qualified conclusion in a covering letter.

135. Auditors should use the auditor's certificate provided at Appendix 3 to this Technical Guidance Note.

136. The auditor's certificate states that auditors have examined the entries in the return and accounts and records of the authority, and have obtained such

evidence and explanations, and carried out such tests, as they considered necessary.

137. Where in the auditor's professional judgment the return is fairly stated (after amendments have been made) 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.

138. Where auditor testing has been completed and, in the auditor's professional judgement, there are unadjusted errors in the return, auditors should:

- prepare a covering letter explaining the unadjusted errors have led to a qualified conclusion (or in exceptional circumstances they may lead to an adverse conclusion or disclaimer of a conclusion)
- enter the date of the covering letter to the certificate
- sign and date the certificate.

139. The covering letter should enable the Scottish Government to process the certified return after making adjustments or pursue disputes directly with the local authority. It follows that covering letters should be drafted with the Scottish Government in mind and that auditors should:

- set out amendments made to the return
- explain the reasons for a qualified conclusion
- avoid explanation of return entries which are fairly stated, did not require amendment and are in accordance with the terms and conditions.

Completion procedure 3 - Submission of certified return

Auditors should submit the return, completed auditor's certificate, and any covering letter, by 10 October 2025 (or as soon as practicable) to the Scottish Government.

140. Auditors should submit the return, completed auditor's certificate, and any covering letter, by 10 October 2025 by email to Nikola Fanton at lqfstats@gov.scot.

141. Where submission is not possible by that date, auditors should aim to do so as soon as practicable.

Appendix 1. Auditor action checklist

Preliminary procedures	Yes/No/N/A	Initials/date	W/P ref
------------------------	------------	---------------	---------

Have you evaluated whether:

- 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 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 6:

- 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 2024/25?

2. Have you obtained evidence that:

- the amount in line 2a is the gross amount payable in respect of the intermediate property rate; and
- that the net amount is shown at line 2b?

3. Have you obtained evidence that:

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
- the amount in line 3a is the gross amount payable in respect of the higher property rate; and - that the net amount is shown at line 3b?			
4. Have you confirmed that the amount included at line 4a for church and religious relief exemption equals the amount included at line 8 for deductions?			
5. Have you confirmed that the amount included at line 4b for empty property relief equals the amount included at line 35 for deductions?			
6. Have you confirmed that any adjustments to the amount payable for in-year rateable value changes are included at line 5?			
7. Have you obtained evidence that the amount included at line 7 in respect of Fresh Start relief is properly stated and: 100% relief has been granted for properties that were unoccupied for at least 6 months before becoming occupied - 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 8 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 9 has been properly stated and: • reflects the granting of 80% rate relief • relates only to properties occupied by a registered charity • the amount of relief granted to ALEOs has been separately reported at line 9a?			
10. Have you obtained evidence that the mandatory reduction in rate yield for registered sports clubs at line 10 has been properly stated and: • reflects the granting of 80% rate relief • relates only to properties used by registered sports clubs • the amount of relief granted to ALEOs has been separately reported at line 10a?			
11. Have you obtained evidence that the reduction in rate yield for disabled persons at line 11 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 12 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			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
- relates to properties where rateable values are below thresholds - reflects 100% rate relief granted?			
13. Have you obtained evidence that the reduction in rate yield for small business bonus scheme mandatory relief at line 13 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 0% and 100% - relates only to properties that are occupied?			
14. Have you obtained evidence that the reduction in rate yield for small business/rural transitional relief at line 14 has been properly stated and: - relates only to properties which qualify for small business bonus scheme and/or rural relief - the property as on the valuation roll on 31 March 2023 and 1 April 2023 - been awarded only where applications have been made?			
15. Have you obtained evidence that the reduction in rate yield for renewable energy relief 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?			
16. Have you obtained evidence that the reduction in rate yield for district heating relief at line 16 has been properly stated and: relates to properties used wholly or mainly for the purposes of a district heating network			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
has been awarded only where applications have been made?			
17. Have you obtained evidence that amounts included in line 17 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?			
18. Have you obtained evidence that the reduction in rate yield for general transitional relief in line 18 has been properly stated and awarded only where the property was on the valuation roll on 31 March 2023 and 1 April 2023.			
19. Have you obtained evidence that the reduction in rate yield for day nursery relief at line 19 has been properly stated and: - relates only to properties that are used wholly or mainly as a day nursery - has been awarded only where applications have been made - reflects 100% rate relief granted?			
20. Have you obtained evidence that the reduction in rate yield for Business Growth Accelerator relief has been properly stated and: - awarded only where applications have been received in respect of: - improved (line 20a) or new (line 20b) properties added to the valuation role after first occupation - newly added properties added to the valuation role having never been occupied (line 21)			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
reflects 100% rate relief granted?			
21. Have you obtained evidence that the reduction in rate yield at in respect of mobile masts at line 22 has been properly stated and: - awarded only where applications have been received in respect of entries added to the valuation role from 1 April 2016 for lands and heritages occupied by a tower or mast used for electronic communication services in pilot areas - reflects 100% of the rate relief granted?			
22. Have you obtained evidence that the reduction in rate yield in respect of new fibre relief at line 23 has been properly stated and: - awarded only where applications have been received in respect of new fibre infrastructure for telecommunications - reflects 100% of the rate relief granted?			
23. Have you obtained evidence that the reduction in rate yield in respect of lighthouses at line 24 has been properly stated?			
24. Have you obtained evidence that the reduction in rate yield in respect of parks transitional relief at line 25 has been properly stated and: - awarded only where applications have been received in respect of parks transitional relief - reflects 67% rate relief granted?			
25. Have you obtained evidence that the reduction in rate yield in respect of islands and remote areas hospitality relief has been properly stated and: awarded only where applications have been received			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
reflects 100% of the rate relief granted.			
26. Have you obtained evidence that the reduction in rate yield in respect of hardship at line 27 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?			
27. Have you obtained evidence that the reduction in rate yield in respect of charities and other organisations at line 28 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 - separately reports 75% of discretionary rate relief granted to ALEOs at line 28a?			
28. Have you obtained evidence that the reduction in rate yield in respect of sports clubs at line 29 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 the bill for CASCs or sports clubs which are registered charities - separately reports at line 29a 75% of the amount of discretionary rate relief in relation to ALEOs included at line 29?			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
29. Have you obtained evidence that the reduction in rate yield in respect of sports clubs at line 30 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 for not for profit clubs, societies or organisations used for recreation - separately reports at line 30a the amount of discretionary rate relief in relation to ALEOs included at line 30?			
30. Have you obtained evidence that the reduction in rate yield in respect of rural settlements at line 31 has been properly stated and: - the discretionary relief has been awarded in line with the authority's policy - reflects 75% of the discretionary relief granted to properties with a rateable value of less than £17,000 which are of benefit to the local community?			
31. Have you obtained evidence that the reduction in rate yield in respect of stud farms at line 32 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?			
32. Have you obtained evidence that the authority considered the subsidy control implications of awarding discretionary benefits where de minimis levels have been breached?			
33. A) Where the authority does not take the option to report only the net change, have			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
you obtained evidence that the reduction in rate yield in respect of bad or doubtful debts at lines 34, 34a, 38 and 38a and the increase at lines 47 and 47a have been properly stated and: - the write off of bad debts has been properly approved - provisions have been calculated on a reasonable basis - line 34 reflects reductions to the yield for rates relating only to 2024/25 - line 38 reflects reductions to the yield for rates relating to 1993/94 to 2023/24 - line 47 reflects increases in the rate yield for bad debts written off in previous years which have been collected or are now considered collectable - lines 34a, 38a and 47a separately report amounts relating to unoccupied properties included in lines 34, 38 and 47? OR 33 B) 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 34, 34a, 38, 38a, 47 and 47a have been properly stated and - the write off of bad debts has been properly approved - provisions have been calculated on a reasonable basis - line 34 reflects reductions to the yield for rates relating only to 2024/25 - line 38 reflects any net reduction to the yield for rates relating to 1993/94 to 2023/24 - line 47 reflects any net increase in the rate yield for bad debts written off in previous years which have been			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
collected or are now considered collectable lines 34a, 38a and 47a separately report amounts relating to unoccupied properties included in lines 34, 38 and 47.			
34. Have you obtained evidence that the reductions in rate yield in respect of appeals at line 39 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?			
35. Have you obtained evidence that the reduction in rate yield at line 35 in respect of interest payable on overpayments has been properly stated and reflects amounts paid in the year?			
36. Have you obtained evidence that the amount by which rates are reduced on short term partly unoccupied properties at line 36 has been properly stated and: - Relate to unoccupied or partly occupied properties - Is in line with the local authorities policy on empty property relief?			
37. Have you obtained evidence that adjustments to the rate yield at lines 40 and 48 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 40 reflects late deductions from the roll - line 48 reflects late additions now due?			
38. Have you obtained evidence that amounts at lines 41, 42, 43 and 44 in respect of backdated relief have been properly stated?			

Testing procedures	Yes/No/N/A	Initials/date	W/P ref
39. Have you obtained evidence that any TIF income at line 51 is properly stated?			
40. Have you obtained evidence that any NDRIS income at line 52 is properly stated?			
41. Have you obtained evidence that any Green Freeports and investment zones income at line 53 is properly stated?			
42. Have you obtained evidence that any other additions or reductions in rate yield at lines 45 have been properly stated and the reason notified to the Scottish Government?			
43. Have you confirmed that the contributable amount at line 54 is the sum of the gross amount adjusted for reliefs, additions and deductions?			
44. Have you obtained evidence that any figure for local rates relief at line 55 is properly stated?			

Completion procedures	Yes/No/N/A	Initials/date	W/P ref
1. Have you agreed any necessary amendments and concluded whether the return is: • fairly stated • in accordance with the relevant regulations?			
2. Have you completed the auditor's certificate and explained any qualified conclusions in a covering letter?			
3. Have you submitted the return, completed auditor's certificate and any covering letter to the Scottish Government by 10 October 2025 (or as soon as practicable)?			

Appendix 2. Rules for completing claim

The key source of guidance in respect of the return is the [guidance notes](#) provided by the Scottish Government.

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 2024](#) sets the poundage rate for 2024/25.
- [Non-Domestic Rates \(Levying and Miscellaneous Amendment\) \(Scotland\) Regulations 2024](#) set the intermediate property rate and the higher property rate for 2024/25 and gave an extension to the enterprise area relief, mobile mast and district heating reliefs. . It also set out the amounts payable as rates under the small business bonus scheme in 2024/25.
- [The Non-Domestic Rates \(Scotland\) Act 2020](#) introduced changes to non-domestic rates administration, enforcement, avoidance, and information gathering. It removed eligibility for charity relief from mainstream independent schools from 1 April 2022.

- [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 2017, 2018 and 2021](#) provide for a community benefit renewable energy relief from 1 April 2017. A 60% relief for hydro schemes was introduced from 1 April 2018
- [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 in [2013](#) and [2016](#)) provide relief, to businesses in defined enterprise areas.
- [The Non-Domestic \(Unoccupied Property\) \(Scotland\) Regulations 2018](#) make changes on the rate relief available to unoccupied industrial and non-industrial properties.
- [The Non-Domestic Rating \(Rural Areas and Rateable Value Limits\) \(Scotland\) Amendment Order 2010](#) sets out the designated areas for rural rate relief.
- [The Non Domestic Rates \(Rural Areas\)\(Scotland\) Regulations 2017](#) increase rural rate relief to 100% for qualifying businesses.
- [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](#) (as amended in [2018](#) and [2019](#)) provide for relief in respect of new tower or masts used for electronic communication services in mobile masts pilot areas to 31 March 2029.
- [The Non-Domestic Rates \(Telecommunications New Fibre Infrastructure Relief\) \(Scotland\) Regulations 2019](#) provide 100% relief from business rates for new telecommunication fibre infrastructure.
- [The Non-Domestic Rating \(Telecommunications New Fibre Infrastructure\) \(Scotland\) Order 2019](#) provides that where new telecommunications fibre infrastructure are installed on land, separate entries are to be made on the valuation roll and separate valuations obtained for the new fibre infrastructure and for the existing land and buildings on the site.
- [The Non-Domestic Rates \(District Heating Relief\) \(Scotland\) Regulations 2017](#) introduce a 50% application based relief in respect of property used for the purposes of a district heating network. Applications must be made

in writing and be signed by the rate payer or person authorised to sign on their behalf. The [2021](#) amendment introduced a 90% relief for premises wholly or mainly being used for a district heating network, installed on or after 1 April 2021, that are powered by renewables.

- [The Non-Domestic Rates \(Transitional Relief\) \(Scotland\) Regulations 2024](#) provide a general transitional relief and transitional relief for businesses which receive small business bonus scheme and/or rural relief and introduced a new transitional relief for parks.
- [The Non-Domestic Rates \(Day Nursery Relief\) \(Scotland\) Regulations 2018](#) introduce a 100% relief for properties used as a day nursery where a new entry has been made on the valuation roll on or after 1 April 2018.
- [The Non-Domestic Rates \(New and Improved Properties\) \(Scotland\) Regulations 2018](#) introduce a new 100% relief upon application for properties newly added to the valuation role after first occupation and for properties having never been occupied.
- The [Non-Domestic Rates \(New and Improved Properties\) \(Scotland\) Regulations 2022](#) make provision for the business growth accelerator relief from April 2022 and how long new build premises may be eligible for relief.
- [The Non-Domestic Rating \(Valuation of Utilities\) \(Scotland\) Amendment Order 2019](#) and the amendment order makes amendments for pieces of land that are occupied by fixed line operators and to be treated as if they are only one entry in the valuation roll, despite being situated across a number of areas covered by different rolls, and it also makes amendments to add solar and biomass as primary sources of energy in the generation of electricity.
- [Merchant Shipping Act 1995](#) provides 100% relief to lighthouses, buoys and beacons, and all premises or property belonging to or occupied by any of the general lighthouse authorities.
- [The Subsidy Control Act 2022](#) provides the framework for the provision of subsidies.
- [Local government finance circular 3/2021: statutory guidance - sports club relief](#) introduced the requirement that consideration is given to ensure discretionary sports club relief supports affordable community-based facilities, rather than members clubs with significant assets.
- [Local government finance circular 3/2024: non-domestic interest rate 2024/25](#) sets out the interest rate to be applied for 2022/23 in calculating the interest due when repaying rates overpaid in error or following alterations to the valuation roll.
- [Local government finance circular 3/2025: Non-Domestic Rates Incentivisation Scheme \(NDRIS\) 2023 to 2026](#) provided the detail of the

retention amounts for 2023/24, final targets for 2024/25 and provisional targets for 2025/26.

- [Local government finance circular 4/2024: Green Freeports Non-Domestic Rates relief and income retention](#) provides guidance to local authorities in respect of Green Freeports non-domestic rates relief and income retention.

Appendix 3. External auditor's certificate

I/we have examined the entries in this non-domestic rates income return for 2024/25 and the related accounts and records of [insert name of local authority] in accordance with Technical Guidance Note TGN/NDR/25, 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..... (Audit Appointment Lead)

Date.....

TGN/NDR/25

Auditor Certification of 2024/25 Non-Domestic Rates Income Returns



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 Email: info@audit.scot
www.audit.scot