

Revaluation 2023

Industrial Properties Committee

Practice Note 9 Valuation of Natural Mineral Water Abstraction Rights

1.0 Introduction

- 1.1 This Practice Note provides guidance on the valuation approach to Natural Mineral Water Abstraction Rights and includes all mineral waters bottled, whether abstracted from borehole, spring, artesian well, river, loch or other source.

2.0 Basis of Valuation

- 2.1 The right to take water was accepted as a rateable item by the Lands Tribunal for Scotland in the Campsie Spring Ltd v Assessor for Dunbartonshire and Argyll & Bute Valuation Joint Board case in 2000 and passing royalties were accepted as an appropriate measure of rent.

3.0 Valuation

3.1 The right to take water

In the absence of local evidence a rate of 0.23 pence per litre should be applied to the volume of water bottled of 20 million litres per annum and above. The rate per litre below 20 million litres per annum may vary and due to local considerations could be significantly in excess of that applicable to larger producers.

In the absence of local evidence it is recommended that a rate of 0.25 pence per litre should be applied to volumes of water bottled at 15 million litres per annum.

It is suggested that the rate per litre to be applied is interpolated in line with the following table and cognisance given to royalty rates applicable to lower volumes.

Volume litres bottled	Pence per litre bottled	Suggested Net Annual Value
20 million	0.23	£46,000
19 million		£44,300
18 million		£42,600
17 million		£40,900
16 million		£39,200
15 million	0.25	£37,500

The royalty rates as indicated (or where appropriate, a rate based on local evidence) shall be applied to the volume of water abstracted for bottling in the year to 31st March 2022. It may be appropriate to consider the volumes bottled in other years in order to determine the maintainable volume.

3.2 Other Considerations

In addition to the value attributable to the abstracted natural mineral water consideration of associated buildings, land, other incorporeal rights, wayleaves, pipelines and other plant and machinery may be required. The buildings, land and plant and machinery occupied, and rights exercised, with the right to abstract the natural mineral water may be part of the subject or a separate unum quid.

Associated buildings should be valued by reference to the SAA Industrial Properties Committee Practice Note 1 Valuation of Factories, Warehouses, Workshops and Stores and/or local evidence.

Rateable plant should be valued with reference to the Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000.