

# Non-Domestic Rates Explanatory Notes

**Non-Domestic Rates (Business Rates)** – Non-Domestic Rates, or business rates, collected by councils are the way that business ratepayers contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, councils keep a proportion of the business rates paid locally. The money, together with revenue from council tax payers, locally generated income and grants from central government, is used to pay for the services provided by local councils. Further information about the business rates system, may be obtained at: <https://www.gov.uk/introduction-to-business-rates> and at [www.elmbridge.gov.uk/business-rates](http://www.elmbridge.gov.uk/business-rates)

**Business Rates Instalments** - Payment of business rate bills is automatically set on a 10-monthly cycle. However, the Government has put in place regulations that allow ratepayers to require their council to enable payments to be made through 12 monthly instalments. If you wish to take up this offer, you should contact the council as soon as possible.

**National Non-Domestic Rating Multiplier** - The council works out the business rates bill by multiplying the rateable value of the property by the appropriate multiplier. There are two multipliers: the national non-domestic multiplier and the small business non-domestic multiplier. The Government sets the multipliers for each financial year, except in the city of London where special arrangements apply.

Ratepayers who occupy a property with a rateable value which does not exceed £50,999 (and who are neither entitled to certain other mandatory relief[s] nor liable for unoccupied property rates) will have their bills calculated using the lower small business non-domestic rating multiplier, rather than the national non-domestic rating multiplier.

Both multipliers for this financial year are based on the previous year's multiplier adjusted to reflect the Consumer Price Index (CPI) inflation figure for the September prior to the billing year. The current multipliers are shown on the front of your bill.

**Rateable Value** - Apart from properties that are exempt from business rates, each non-domestic property has a rateable value which is set by the Valuation Office Agency (VOA), an agency of HMRC. The VOA compile and maintain a full list of all rateable values, available at [www.gov.uk/voa](http://www.gov.uk/voa) The rateable value of your property is shown on the front of your bill. This broadly represents the yearly rent the property could have been let for on the open market on a particular date – which for the current rating list, is 1 April 2015.

The VOA may alter the valuation if circumstances change. The ratepayer (and certain others who have an interest in the property) can also check and challenge the valuation shown in the list if they believe it is wrong.

Further information about the grounds on which challenges may be made and the process for doing so can be found on the VOA website: [www.gov.uk/guidance/how-to-check-your-rateable-value-is-correct](http://www.gov.uk/guidance/how-to-check-your-rateable-value-is-correct)

**Revaluations** - All non-domestic property rateable values are reassessed at revaluations. The most recent revaluation took effect from 1st April 2017. Revaluations ensure that business rates bills are up-to-date, more accurately reflect current rental values and relative changes in rents. Frequent revaluations ensure the system continues to be responsive to changing economic conditions.

**Business Rate Reliefs** - Depending on individual circumstances, a ratepayer may be eligible for a rate relief (i.e. a reduction in your business rates bill). There are a range of available reliefs. Further details are provided below and at [www.gov.uk/introduction-to-business-rates](http://www.gov.uk/introduction-to-business-rates) and [www.elmbridge.gov.uk/business-rates](http://www.elmbridge.gov.uk/business-rates)

**Temporary Reliefs** - Some of the permanent reliefs are set out below but temporary reliefs are often introduced by the Government at Budgets. Further detail on the current and latest availability of temporary reliefs and advice on whether you may qualify, is available at [www.gov.uk/apply-for-business-rate-relief](http://www.gov.uk/apply-for-business-rate-relief) and [www.elmbridge.gov.uk/business-rates](http://www.elmbridge.gov.uk/business-rates)

**Small Business Rates Relief** - If a ratepayer's sole or main property has a rateable value which does not exceed a set threshold, the ratepayer may receive a percentage reduction in their rates bill for the property of up to a maximum of 100%. The level of reduction will depend on the rateable value of the property. For example eligible properties with a rateable value below a specified lower threshold will receive 100% relief. Eligible properties between that threshold and a specified upper threshold will receive partial tapered relief. The relevant thresholds for relief are set by the Government by order and can be obtained from [www.elmbridge.gov.uk/business-rates](http://www.elmbridge.gov.uk/business-rates) or at [www.gov.uk/introduction-to-business-rates](http://www.gov.uk/introduction-to-business-rates) Generally, these percentage reductions (reliefs) are only available to ratepayers who occupy either-

(a) one property, or

(b) one main property and other additional properties providing those additional properties each have a rateable value which does not exceed the limit set by order.

The aggregate rateable value of all the properties mentioned in (b), must also not exceed an amount set by order. For those businesses that take on an additional property which would normally have meant the loss of small business rate relief, they will be allowed to keep that relief for a fixed additional period. Full details on the relevant limits in relation to second properties and the current period for which a ratepayer may continue to receive relief after taking on an additional property can be obtained at

[www.gov.uk/introduction-to-business-rates](http://www.gov.uk/introduction-to-business-rates)

Certain changes in circumstances will need to be notified to the council by a ratepayer who is in receipt of relief. The changes which should be notified are --

(a) the property falling vacant,

(b) the ratepayer taking up occupation of an additional property, or

(c) an increase in the rateable value of a property occupied by the ratepayer in an area other than the area of the council which granted the relief.

**Charity and Community Amateur Sports Club Relief** - Charities and registered Community Amateur Sports Clubs are entitled to 80% relief where the property is occupied by the charity or the club and is wholly or mainly used for the charitable purposes of the charity (or of that and other charities), or for the purposes of the club (or of that and other clubs). The council has discretion to give further relief on the remaining bill.

**Transitional Rate Relief** - At a revaluation, some ratepayers will see reductions or no change in their bill whereas some ratepayers will see increases. Transitional relief schemes are introduced at each revaluation to help those facing increases. Such relief schemes are funded by limiting the reduction in bills for those who have benefitted from the revaluation. Transitional relief is applied automatically to bills. Further information about transitional arrangements and other reliefs may be obtained from [www.gov.uk/introduction-to-business-rates](http://www.gov.uk/introduction-to-business-rates)

**Local Discounts** - Councils have a general power to grant discretionary local discounts and to give hardship relief in specific circumstances.

**Unoccupied Property Rate Relief** – Business rates are generally payable in respect of unoccupied non-domestic property. However, they are generally not payable for the first three months that a property is empty. This is extended to six months in the case of certain industrial premises, whilst certain other properties such as vacant listed buildings are not liable for business rates until they are reoccupied. Full details on exemptions can be obtained from gov.uk at <https://www.gov.uk/applyfor-business-rate-relief>

**Subsidy** - The award of some discretionary relief(s) is considered likely to amount to subsidy. EU State Aid rules no longer apply to subsidies in the UK but the UK remains bound by its international commitments, including subsidy obligations. Under these obligations' subsidies can still be paid in line with the previous rules under state aid. You (or your company) cannot receive more than €200,000 (approximately £180,000) subsidy in any three year period. However, following the outbreak of the Coronavirus subsidies from 2020/21 can be made based on a Temporary Framework scheme. This framework allows for an additional €800 000 (approximately £720,000) and €3 million (approximately £2.6m) for uncovered fixed costs where business have suffered at least a 30% decline in turnover.

**Rating advisers** - Ratepayers do not have to be represented in discussions about their rateable value or their rates bill. However, ratepayers who do wish to be represented should be aware that members of the Royal Institution of Chartered Surveyors (RICS - website [www.rics.org](http://www.rics.org)) and the Institute of Revenues, Rating and Valuation (IRRV - website [www.irrv.org.uk](http://www.irrv.org.uk)) are qualified and are regulated by rules of professional conduct designed to protect the public from misconduct. Before you employ a rating adviser or company you should check that they have the necessary knowledge and expertise, as well as appropriate indemnity insurance. Take great care and, if necessary, seek further advice before entering into any contract.

**Information Supplied with Demand Notices** - Information relating to the relevant and previous financial years in regard to the gross expenditure of the council is available at [www.elmbridge.gov.uk](http://www.elmbridge.gov.uk) A hard copy is available on request to by contacting the council [www.elmbridge.gov.uk/contactus](http://www.elmbridge.gov.uk/contactus)