

Government Non-Domestic Rates Explanatory Notes – 2019/2020



Non-Domestic Rates (Business Rates) - Rates are the way that business ratepayers contribute towards the cost of local services. Under the business rates retention arrangements introduced April 2013, councils keep a proportion of the business rates paid. This provides a direct financial incentive for councils to work with local businesses to create a favourable local environment for growth since authorities will benefit from growth in business rates revenues. The money, together with revenue from council tax payers, revenue support grant provided by the Government and certain other sums, is used to pay for the services provided by local councils.

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 maintain a full list of all rateable values. 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 following the 2017 revaluation is 1 April 2015.

The VOA may alter the value if circumstances change. The ratepayer (and certain others who have an interest in the property) can appeal against the value shown in the list if they believe it is wrong. Full details on your rights of appeal are available from the VOA. Your Council can only backdate any business rates rebate to the date from which any change to the list is to have effect. Further information on appeals and the process for doing so can be found at www.gov.uk or from your local voa.

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 standard multiplier and the small business multiplier. The former is higher to pay for small business rate relief. The Government sets the multipliers for each financial year according to formulae set by legislation. The multiplier is shown on the front of your bill.

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

Revaluation 2017 and Transitional Arrangements - All rateable values are reassessed at a general revaluation. The most recent revaluation took effect from 1 April 2017. Revaluations make sure each ratepayer pays their fair contribution and no more, by ensuring that the share of the national rates bill paid by any one ratepayer reflects changes over time in the value of their property relative to others.

A £3.6 billion transitional relief scheme limits changes in rate bills as a result of the 2017 revaluation. To help pay for the limits on increases in bills, there are also limits on reductions in bills. Under the transitional scheme, limits continue to apply to yearly increases and decreases until the full amount is due (rateable value times the appropriate multiplier). The scheme applies only to the bill based on a property at the time of the revaluation. If there are any changes to the property after 1 April 2017, transitional arrangements will not normally apply to the part of a bill that relates to any increase in rateable value due to those changes. Changes to your bill as a result of other reasons (such as changes to the amount of small business rate relief) are not covered by the transitional arrangements.

The transitional arrangements are applied automatically and are shown on the front of your bill. Further information about transitional arrangements and other reliefs may be obtained from Elmbridge Borough Council or at www.gov.uk/introduction-to-business-rates/revaluation

Unoccupied Property Rating - Business rates will not be payable in the first three months that a property is empty. This is extended to six months in the case of certain industrial properties. After this period rates are payable in full. In most cases the unoccupied property rate is zero for properties owned by charities and community amateur sports clubs. In addition, there are a number of exemptions from the unoccupied property rate. Full details on exemptions can be obtained from Elmbridge Borough Council – visit www.elmbridge.gov.uk/business-rates

Partly Occupied Property Relief - A ratepayer is liable for the full non-domestic rate whether a property is wholly occupied or only partly occupied. Where a property is partly occupied for a short time, the Council has discretion in certain cases to award relief in respect of the unoccupied part. Full details can be obtained from Elmbridge Borough Council or at www.elmbridge.gov.uk/business-rates

Small Business Rate Relief – Ratepayers who occupy a property with a rateable value which does not exceed £50,999 (and who are not entitled to other mandatory relief or are liable for unoccupied property rates) will have their bills calculated using the lower small business rating multiplier.

In addition, generally, if the sole or main property has a rateable value which does not exceed £15,000, the ratepayer will receive a percentage reduction in their rates bill up to a maximum of 100%. For a property with a rateable value of not more than £12,000, the ratepayer will receive a 100% reduction in their rates bill.

Generally, this percentage reduction (relief) is 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 £2,899.

The aggregate rateable value of all the properties mentioned in (b), **must not exceed £19,999**. If the rateable value, or aggregate rateable value, increases above those levels, relief will cease from the day of the increase, although businesses that take on an additional property that would normally have meant the loss of relief will be allowed to keep the relief for 12 months.

Where a ratepayer meets the eligibility criteria and has not received the relief they should inform us online at www.elmbridge.gov.uk/business-rates

Provided the ratepayer continues to satisfy the conditions for relief, they will automatically continue to receive relief each year. Certain changes in circumstances will need to be notified to the Council by a ratepayer who is in receipt of relief. Changes which should be notified are--

- (a) the ratepayer taking up occupation of an additional property, and
- (b) 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.

Relief for Local Newspapers - The Government is providing funding of up to £1,500 a year for 2 years from 1 April 2017, to office space occupied by local newspapers. This is up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits. Eligibility criteria for this relief is set out in a guidance note: "The case for a business rates relief for local newspapers", which can be obtained at www.gov.uk/government/consultations/the-case-for-a-business-rates-relief-for-local-newspapers

Spring Budget 2017 Relief Scheme: Supporting Small Business - Ratepayers losing Small Business Rate Relief as a result of the 2017 revaluation will have their increases limited to the greater of either

- (i) a cash value of £600 per year, or
- (ii) the matching cap on increases for small properties in the transitional relief scheme. This relief will run until the next revaluation in 2021 and ratepayers will receive the relief until this date or they reach what their bill would have been within the relief scheme, whichever is first. This relief will be delivered as a local discount through local authority discretionary discount powers. Further information can be obtained from Elmbridge Borough Council.

Spring Budget 2017 Relief Scheme: Discretionary Scheme - The Government is providing £300 million of funding to local authorities over 4 years to 31 March 2021 to provide discounts to ratepayers in their area on a discretionary basis. Each authority has been allocated a share with which to design and implement a scheme to deliver targeted support to ratepayers. The £300m will cover the 4 years from 2017/18: £175m in 2017/18; £85m in 2018/19; £35m in 2019/20 and £5m in 2020/21.

Local authority allocations can be found at:

<https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>

This relief will be delivered as a local discount through local authority discretionary discount powers. Further information can be obtained from Elmbridge Borough Council - visit www.elmbridge.gov.uk/business-rates

Retail Discount – At Autumn Budget 2018, the Government announced a one-third discount for eligible retail businesses with a rateable value of less than £51,000, up to state aid limits. This scheme will run for two years from April 2019. This discount will be applied to the bill after the application of any reliefs, excluding any locally funded discounts.

The Government has issued guidance on the operation of the scheme, which can be found at: <https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>

This relief will be delivered as a local discount through local authority discretionary discount powers. Further information can be obtained from Elmbridge Borough Council.

Local Discounts - Councils have a general power to grant discretionary local discounts.

State Aid - The award of local discounts is considered likely to amount to state aid. However, it will be state aid compliant where it is provided in accordance with the De Minimis Regulations EC 1407/2013. The De Minimis Regulations allow you to receive up to EUR 200,000 'de minimis' aid over a rolling three-year period. If you are receiving, or have received, any 'de minimis' aid during the current or two previous financial years (from any source), you should inform the Council immediately with details of the aid received.

Hardship Relief - The Council has discretion to give hardship relief in specific circumstances.

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) and the Institute of Revenues, Rating and Valuation (IRRV - website www.irrv.org.uk) are qualified and are regulated by rules of professional conduct to protect the public from misconduct. Before you employ a rating adviser, you should check that they have the necessary knowledge and expertise, as well as appropriate indemnity insurance.

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. A hard copy is available on request to your Council.

Further information about the business rates system, including transitional and other reliefs, may be obtained at: www.gov.uk