

Business Rates Explanatory Notes 2020/2021

Non-Domestic Rates

Non-domestic rates (business rates) collected by the Council are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1st April 2013, the Council keeps a proportion of the business rates paid locally. This provides a direct financial incentive for the Council to work with local businesses to create a favourable local environment for growth since the Council will benefit from growth in business rates revenues. The money, together with revenue from council tax payers, locally generated income and grants provided by the Government, is used to pay for the services provided by the Council and other local authorities in your area. Further information about the business rates system, including reliefs, may be obtained at www.gov.uk

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 officers of the Valuation Office Agency (VOA), an agency of Her Majesty's Revenue and Customs. They draw up and maintain a full list of all rateable values, available on their website at <https://www.gov.uk/government/organisations/valuation-office-agency>

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. For the revaluation that came into effect on 1st April 2017, this date was set as 1st April 2015.

The valuation officer may alter the value if circumstances change. The ratepayer (and certain others who have an interest in the property) can request a change to the value if they believe it is wrong, through the Check, Challenge, Appeal (CCA) process. Full details on your rights of appeal are available from the Valuation Office Agency. The Council can only backdate any business rates rebate to the date from which any change to the list is to have effect.

Further information about the grounds on which appeals may be made and the process for doing so can be found at www.gov.uk

You can contact the VOA at <https://www.gov.uk/contact-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 non-domestic rating multiplier** (51.2 pence) and
- the **small business non-domestic rating multiplier** (49.9 pence).

The current multipliers are shown on the front of your bill. The former is higher to pay for small business rate relief.

Except in the City of London where special arrangements apply, the Government sets the multipliers for each financial year for the whole of England according to formulae set by legislation. The multiplier is based on the previous year's multiplier adjusted to reflect the Consumer Price Index (CPI) inflation figure for the previous September.

Business Rates Instalments

Payment of business rate bills is automatically set on a ten-monthly cycle (April to January) to cover the whole year. However, the Government has put in place regulations that allow businesses to require the Council to enable payments to be made through twelve monthly instalments. If you wish to take up this offer, you should contact the 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.

Transitional relief schemes are introduced at each revaluation to help those facing increases. This relief has been funded by limiting the reduction in bills for those who have benefitted from the revaluation. Transitional relief is applied automatically to bills. Contact the Council for further information about transitional arrangements and other reliefs. Find more information about transitional relief and 2017 Revaluation 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. For properties owned by charities and community amateur sports clubs the unoccupied property rate is zero in most cases. In addition, there are a number of exemptions from the unoccupied property rate. Full details on exemptions can be obtained from the Council.

Business Rate Reliefs

Depending on individual circumstances, a ratepayer may be eligible for a rate relief (a reduction in your rates bill). There are a range of available reliefs. Some of the reliefs are set out below. The Government sometimes introduces new reliefs in their Budget.

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, 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. Details can be obtained from the Council.

Retail Relief

In the Autumn Budget 2019, the Government announced to increase to 50% the discount for eligible retail businesses with a rateable value of less than £51,000. This discount will be applied to the bill after the application of any reliefs, excluding any local discounts.

Local Discounts

The Council has a general power to grant discretionary local discounts. Details can be obtained from the Council.

Small Business Rate Relief

Small business rate relief is available to ratepayers who occupy a property with a rateable value which does not exceed £50,999, and who are not entitled to another mandatory relief. Qualifying ratepayers will have their bill calculated using the lower small business non-domestic rating multiplier, rather than the national non-domestic rating multiplier. In addition, if the sole or main property is shown on the rating list with a rateable value which does not exceed £15,000, the ratepayer will receive a percentage reduction in rates for this property of 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.

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.

In London the rateable value of the property mentioned in (a), or the aggregate rateable value of all the properties mentioned in (b), must not exceed £27,999 on each day for which relief is being sought. If the rateable value, or aggregate rateable value, increases above those levels, relief will cease from the day of the increase.

The Government has introduced additional support for small businesses. For those businesses that take on an additional property which would normally have meant the loss of small business rate relief, the Government has confirmed that they will be allowed to keep that relief for a period of twelve months.

Where a ratepayer meets the eligibility criteria and has not received the relief they should contact the Council. Provided the ratepayer continues to satisfy the conditions for relief which apply at the relevant time as regards the property and the ratepayer, they will automatically continue to receive relief in each new valuation period.

Certain changes in circumstances will need to be notified to the Council by a ratepayer who is in receipt of relief (other changes will be picked up by the Council). The 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.

Business Rate Supplements

The Business Rate Supplements Act 2009 enables levying authorities - County Councils, Unitary District Councils and, in London, the Greater London Authority - to levy a supplement on the business rate to support additional projects aimed at economic development of the area. Business Rate Supplements (BRS) are not applicable to properties with a rateable value of £50,000 or below and authorities have discretion to increase that threshold. The total maximum BRS which may be levied by a levying authority is 2p per pound of rateable value. Levying authorities have the power to apply such reliefs to the BRS as they think appropriate and in such cases must include an explanation of the rules for the application of those reliefs in the final prospectus for the BRS.

The BRS applicable in London is being levied by the Greater London Authority in relation to the Crossrail project. Further information may be found in the Crossrail BRS final prospectus which is available at www.london.gov.uk

State Aid

The award of 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 (EC1407/2013). The de minimis Regulations allow an undertaking to receive up to €200,000 'de minimis' aid over a rolling three year period. If you are receiving (or have received) any 'de minimis' aid granted during the current or two previous financial years (from any source), you should inform the Council immediately with details of the aid received.

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 designed 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. 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.kingston.gov.uk/info/200297/council_tax/1344/about_the_council_budget