

Non-Domestic Rates- Explanatory Notes 2018-19

Non-Domestic Rates

Non-Domestic Rates, or Business Rates, collected by local authorities 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 1 April 2013, authorities keep a proportion of the business rates paid locally. This provides a direct financial incentive for authorities to work with local businesses to create a favorable 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 local authorities in your area. Further information about the business rates system, including transitional and other 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 at 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 appeal against the value shown in the list if they believe it is wrong. Full details on your right of appeal are available from the Valuation Office Agency. Your billing authority can only backdate any business rates rebate to the date from which any change to the list is to have effect. The Valuation Office Agency will continue to fulfil their legal obligations to alter rating assessments if new information comes to light indicating the valuation is inaccurate. Further information about the grounds on which appeals may be made and the process for doing so can be found on the www.gov.uk website or obtained from your local valuation office.

Rating Advisers

Ratepayers do not have to be represented in discussions about their rateable value or their rates bill. Appeals against rateable values can be made free of charge. However, ratepayers wishing 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.

National Non-Domestic Rating Multiplier

The local authority works out the Business Rate bill by multiplying the rateable value of the property by the appropriate multiplier. There are two multipliers: the standard non-domestic rating multiplier and the small business non-domestic rating multiplier. 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 2018/19 multipliers are:

Standard non-domestic rating multiplier £0.493
Small business rate multiplier £0.48

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 businesses to require their local authority to enable payments to be made through 12 monthly instalments. If you wish to take up this offer, you should contact the local authority as soon as possible.

Revaluation 2017 and Transitional Arrangements

All rateable values are reassessed at a general revaluation. The 2017 revaluation takes effect from 1st April 2017. Revaluations make sure each ratepayer pays their fair contribution and no more, by ensuring that the share of national rates bill paid by any one ratepayer reflect changes over time in the value of their property relative to others. Revaluation does not raise extra money for Government. Whilst the 2017 revaluation will not increase the amount of rates collected nationally, within this overall picture, over 7 out of 10 ratepayers will receive a reduction or no change in their bill and some ratepayers will see increases. For those that would otherwise see significant increases in their rates liability, the Government has put in place a £3.6 billion transitional relief scheme to limit and phase in changes in rate bills as a result of the 2017 revaluation. To help pay for the limits on increases in bills, there also have to be 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 1st 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 Mole Valley District Council or the www.gov.uk/introduction-to-business-rates. More information on the 2017 revaluation can be found 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 unless the unoccupied property rate has been reduced by the Government by order. 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 other exemptions from the unoccupied property rate. Full details on exemptions can be obtained from your local authority. If the unoccupied property rate for the financial year has been reduced by order, it will be shown on the front of your bill.

The Government has introduced a temporary measure for unoccupied new builds from October 2013. Unoccupied new builds will be exempt from unoccupied property rates for up to 18 months (up to state aid limits) where the property comes into the valuation list between 1 October 2013 and 30 September 2016. The 18 month period includes the initial 3 or 6 month exemption and so properties may, if unoccupied, be exempt from non-domestic rates for up to an extra 15 or 12 months.

Partly Occupied 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 local authority has discretion in certain cases to award relief in respect of the unoccupied part. Full details can be obtained from the local authority.

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 non-domestic rating multiplier, rather than the national non-domestic rating multiplier.

In addition, generally, 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 their rates bill for this property 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 rateable value of the property mentioned in (a), or the aggregate rateable value of all the properties mentioned in (b), must not exceed £19,999 outside London or £27,999 in London 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 to 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 12 months.

An application for Small Business Rate Relief is not required. Where a ratepayer meets the eligibility criteria and has not received the relief they should contact their local authority. 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 local authority by a ratepayer who is in receipt of relief (other changes will be picked up by the local authority). 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 local authority which granted the relief.

Charity and Community Amateur Sports Club (CASC) Relief

Charities and registered CASC's are entitled to 80% relief where the property is occupied by the charity or the CASC, 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 CASC (or of that and other CASC's). The Local Authority has discretion to give further relief on the remaining bill. Full details can be obtained from the Local Authority.

Relief for Local Newspapers

The Government is providing funding to local authorities so that they can provide a discount worth 1 to £1,500 a year for 2 years from 1st 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. The relief will be delivered through local authority discretionary discount powers (under section 47(3) of the Local Government Finance Act 1988). 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

Local Discounts

Local Authorities have a general power to grant discretionary local discounts. Full details can be obtained from the Local Authority.

State Aid

The award of such 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 an undertaking to receive up to EUR 2000,000 'de minimis' aid over a rolling 3 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 local authority immediately with details of the aid received.

Hardship Relief

The local authority has discretion to give hardship relief in specific circumstances. Full details can be obtained from the Local Authority.

Information Supplied with Demand Notices

Information relating to the relevant and previous financial years in regard to the gross expenditure of the local authority is available at www.molevalley.gov.uk/busratesleaflets. A hard copy is available on request by writing to the council or by telephoning 01306 879293.

Payment Instructions

Direct Debit: the Council offers a choice of payment dates for direct debit payers, if you would like to receive more details or a direct debiting instruction, please contact the Revenue Section.

Payment by post - please send your cheque (payable to **Mole Valley District Council**) to the address below. Do not send cash through the post or put cash in the Council's letterbox.

Debit Card: If you have a debit card payment can be made via a dedicated telephone line. In order to make payment via this service please ring **0300 123 1064**, calls will be charged at the local rate. You will need your card details and your non-domestic rate account reference to make payment by this method.

Internet Payments: This facility is available for payment by debit card and can be accessed from the Council's website www.molevalley.gov.uk.

**For further information on the above please contact:
Revenue Section
Mole Valley District Council,
Pippbrook, Dorking, Surrey. RH4 1SJ.**