

EXPLANATORY NOTES

NATIONAL NON-DOMESTIC RATES EXPLANATORY NOTES 2023-2024

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. The money, together with revenue from council taxpayers, locally generated income and grants from central government, is used to pay for the services provided by local authorities in your area. Further information about the business rates system may be obtained [here](#) and at the website of your local council which is normally shown on your rate 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. They compile and maintain a full list of all rateable values, available at 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 specified in legislation. For the current rating list, the revaluation came into effect on 1 April 2023, this date was set as 1 April 2021.

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](#).

Your billing authority can only backdate any business rates rebate to the date from which any change to the list is to have effect.

National non-domestic rating multiplier

The local authority works out the business rates bill for a property by multiplying the rateable value of the property by the appropriate non-domestic multiplier. There are two multipliers: the national non-domestic rating multiplier and the small business non-domestic rating multiplier. The government sets the multipliers for each financial year, except in the City of London where special arrangements apply.

For 2023/24 the multipliers have been frozen at 49.9p (small business multiplier) and 51.2p (standard multiplier). The current multipliers are shown on the front of your bill.

Business rates instalments

Government has put in place regulations that will 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 2023 and transitional arrangements

All non-domestic property rateable values are reassessed at revaluations. The most recent revaluation took effect from 1 April 2023. 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.

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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.

This relief is applied automatically to bills. Further information about transitional arrangements and other reliefs may be obtained from the local authority or the government [website](#).

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 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.

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 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 bill 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 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.

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. Where a ratepayer meets the eligibility criteria and has not received the relief they should contact their local authority.

You can make an application online using [this webpage](#).

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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 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 local authority has discretion to give further relief on the remaining bill. Because of the council's financial situation, there will be no Discretionary Rates Relief scheme from 2023/24 onwards.

Supporting Small Business Relief (SSB)

The 2023 Supporting Small Business (SSB) Relief Scheme will cap bill increases at £600 per year for any business losing eligibility for some or all Small Business Rate Relief (SBRR) at the 2023 revaluation. SSB Relief was first introduced following the 2017 revaluation to support ratepayers facing bill increases greater than the Transitional Relief caps due

to loss of Small Business Rate Relief.

Ratepayers who have received SSB Relief as a result of the 2017 revaluation will continue to receive relief, if eligible, for 2023-24. SSB Relief will end for these ratepayers on 31 March 2024 without further notice.

Ratepayers who during 2022-23 lost entitlement to Small Business Rate Relief (because they failed the second property test) but have, under the rules for Small Business Rate Relief, been given a 12 month period of grace before their relief ended - can continue on the 2023 SSB Relief Scheme for the remainder of their 12 month period of grace.

All other eligible ratepayers remain in 2023 SSBR for either three years or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the Supporting Small Business scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or community amateur sports club.

There is no second property test for eligibility for the 2023 SSB Relief Scheme.

There is no need to make an application for this relief. If you qualify we will automatically apply the relief to your account. If you think you are entitled to the relief but haven't received it, please contact us.

Any relief awarded under this scheme will be adjusted if there is a change in your circumstances, for example if you vacate the premises or there is an amendment to the rateable value of your premises. For further information please visit this [website](#).

2023/24 Retail, Hospitality and Leisure Relief

The 2023/24 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 75 per cent relief, up to a

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cash cap limit of £110,000 per business.

This cash cap applies at a group company level (so holding companies and subsidiaries cannot claim up to the cash cap for each company). It also applies to organisations which, although not a company, have an interest in a company that they would, if they were a company, result in it being the holding company.

To claim the Retail, Hospitality and Leisure Relief you must not have exceeded either the £110,000 cash cap for 2023/24 or the Small Amounts of Financial Assistance limit of £315,000 over three years (including 2023/24).

Please email the business rates team (croyndr@croydon.gov.uk) if your business will be in breach of the cash cap.

For the 2023/2024 Retail, Hospitality and Leisure Business Rates Relief Scheme, businesses may choose to opt out of support by providing billing authorities notification of their request to refuse support, per eligible hereditament. To opt out please contact us at croyndr@croydon.gov.uk

For further information please visit [this website](#).

Local discounts

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

Subsidy control

The new UK subsidy control regime commenced 4 January 2023. The new regime enables public authorities, including devolved administrations and local authorities, to deliver subsidies that are tailored for local needs.

Mandatory rate relief doesn't count as a subsidy, but discretionary rate relief usually does. If you apply for any discretionary reliefs and you've received any other subsidy this

year or in the last two years, you must tell us.

You're allowed up to £315,000 over a rolling three year period (consisting of the 2023-24 financial year and the two previous financial years). Expanded Retail Discount granted in 2021-22 does not count towards the £315,000 allowance, but BEIS business grants (throughout the three years) and any other subsidies claimed under the Minimal Financial Assistance limit should be counted.

Public authorities giving subsidies must comply with the UK's international subsidy control commitments. The subsidy control legislation provides the framework for a new, UK-wide subsidy control regime. Further information about subsidy control can be found on the gov.uk [website](#).

Hardship relief

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

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](#)) and the Institute of Revenues, Rating and Valuation (IRRV - [website](#)) 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.

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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 [here](#).

A hard copy is available on request by calling 020 8726 6000 or writing to: Resources Department, Finance Investment and Risk, 3rd Floor, Bernard Weatherill House, 8 Mint Walk, Croydon, CR0 1EA.

What is the Elizabeth Line (formerly Crossrail) and how will it benefit your business?

The Elizabeth Line is London's newest railway. It connects the outer suburbs and Heathrow airport to the West End, the City and Canary Wharf. As such, it is vital to the future of London's economy. The increased earnings it will bring – from new jobs and quicker journeys – will benefit businesses across London. It was named the Elizabeth line in honour of the late Queen Elizabeth II. The Elizabeth line has been the single largest investment in London's infrastructure for decades. It employed up to 14,000 people at the peak of construction. The central section opened in May 2022 and in November 2022, direct Elizabeth line services into central London from Reading, Heathrow, Shenfield and Abbey Wood began. The final timetable across the entire railway is expected to be in place by no later than May 2023. To find out more, visit <https://tfl.gov.uk/modes/elizabeth-line/>, call the helpline on **0343 222 1234** or go to <https://tfl.gov.uk/help-and-contact/>

Developments in the funding of Crossrail

The previous Mayor of London agreed a funding settlement with the government in 2010 for the Crossrail scheme. The Mayor and the Secretary of State for Transport agreed revised funding packages for Crossrail in December 2018 and November 2020.

How will London's businesses help fund Crossrail?

In April 2012, the previous Mayor introduced a Community Infrastructure Levy (MCIL) on new developments in London to finance Crossrail. The charging schedule changed in April 2019. The developer pays this levy.

Business ratepayers of larger properties have contributed through a special Crossrail Business Rate Supplement (BRS) since April

2010. Under the current funding package, the GLA is expected to contribute a total of around £7 billion towards Crossrail. This is financed through the MCIL and the BRS. The BRS will need to be levied until the GLA's Crossrail related borrowing is repaid. This should be no later than March 2041, in line with the published Crossrail BRS prospectus

Does my business have to pay the Crossrail BRS?

Your rates bill makes clear if you are liable to pay the BRS. It applies only to assessments (for example business and other non-domestic premises) with a rateable value above £75,000. This year the threshold has been increased from £70,000 to £75,000 reflecting the impact of the 2023 business rates revaluation. This higher threshold means that at least 86 per cent of the capital's non-domestic properties will be exempt from paying the BRS in 2023-24

How much do I pay if my property's rateable value is above £75,000?

The Crossrail BRS multiplier for 2023-24 remains at 2p per pound of rateable value. Reliefs for the Crossrail BRS will apply on the same basis and at the same percentage rate as for your national non-domestic rates (NNDR) bill. However, there is no transitional relief scheme for the BRS.

Keeping you up-to-date

We will give ratepayers an annual update over the lifetime of the BRS.

Contact for more information

020 7983 4100

crossrail-brs@london.gov.uk

www.london.gov.uk/crossrail-brs

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