Revaluation 2017: All You Need to Know…..

What is the Revaluation 2017

- From 1 April 2017, all commercial assessments required to pay business rates in England and Wales will have new rateable values.
- The rateable value is set by the Valuation Office Agency (VOA) and is used by the local authority to calculate the amount of business rates each customer has to pay.
- To make sure that all businesses are being charged in line with any changes to the property market, the VOA does a revaluation across England and Wales every 5 years. The revaluation that is taking place this year has been deferred from 2015.

Why has my Rateable Value been changed?

- The new rateable values have been based on the rental market as at 1 April 2015 and depend on how the rental value of your property relates to national averages.
- For further information on how rateable values are assessed, please contact the VOA using the details below.

Will I have to pay more rates if my RV increases?

- Not necessarily, 83% of businesses in Croydon will see no rise at all in the amount of rates they have to pay.
- Although some RVs may have increased, the other element of the rates calculation: the multiplier, has reduced for everyone. This means that many businesses will pay less rates despite the RV increase.
- Also, there is a more generous threshold for small business rate relief, which means that in Croydon, 53% more businesses this year may be eligible to pay nothing at all (that’s a 23% increase on last year)

What do I do if I don’t agree with the change?

- If you want to appeal against the change to your rateable value, or discuss how it has been assessed, you should contact the VOA using the contact details below.
- This a simple, free of charge service that businesses can easily access themselves, they do not need to be represented by an external agency.
- Your rateable value is decided by the VOA so we will not be able to amend this for you until instructed to do so by the VOA.

If RVs have increased, doesn’t this mean the government is getting more income from businesses?

- No. The purpose of the revaluation is not to raise extra money for the government but to make sure businesses are being charged in line with the current rental market.

What are the multipliers for 2017/18?

- The standard multiplier is 47.9p.
- For small businesses (those with a rateable value of less than £50,999) the small business multiplier is 46.6p. From April 2017 businesses occupying only one property with a rateable value below £12,000 should be paying no rates at all.
What is Transitional Relief (TR)?

- TR is a compulsory scheme designed to reduce the impact of any significant changes in your rateable value following revaluation and can be awarded whether your rateable value has increased or decreased.
- Your bill will show if this has been awarded to you.
- Transitional relief limits the percentage your rates bill can be increased or decreased each year, following revaluation.
- The transitional relief will apply each year until your bill reaches the true amount of what it would have been without transition.
- The full 2017 bill is calculated by multiplying the rateable value by the multiplier set by the government.

If your rateable value is going up ie you are paying more in 2017-18 than you were paying in 2016-17 you are known as “a loser”, the new bill for 2017/18 will be calculated using the 2016/17 rateable value x the 2016 multiplier plus the additional amount calculated by taking the percentage in Table 1 (depending on weather you considered a small, medium or large property) and multiplying by the Appropriate Fraction shown in Table 2 (depending on weather you are a small, medium or large loser) less any small business relief:

Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Small Property (RV below £28,000)</th>
<th>Medium Property (RV=£28,001-£100,00)</th>
<th>Large Property (RV above £100,00)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>5%</td>
<td>12.5%</td>
<td>43%*</td>
</tr>
<tr>
<td>2018-19</td>
<td>7.5%</td>
<td>17.5%</td>
<td>32%*</td>
</tr>
<tr>
<td>2019-20</td>
<td>10%</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td>2020-21</td>
<td>15%</td>
<td>25%</td>
<td>16%</td>
</tr>
<tr>
<td>2021-22</td>
<td>15%</td>
<td>25%</td>
<td>5%</td>
</tr>
</tbody>
</table>

*Originally 45% in 2017-18 and 50% in 2018-19. The change was announced at Autumn Statement 2016

Table 2

<table>
<thead>
<tr>
<th>Category</th>
<th>Factor (X)</th>
<th>Inflation (Q)</th>
<th>AF (X x Q / 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Loser</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RV of 28,000 or below</td>
<td>105</td>
<td>1.02</td>
<td>1.071</td>
</tr>
<tr>
<td>Medium Loser</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RV between 28,001 – 100,00</td>
<td>112.5</td>
<td>1.02</td>
<td>1.1475</td>
</tr>
<tr>
<td>Large Loser</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RV above 100,00</td>
<td>142</td>
<td>1.02</td>
<td>1.4484</td>
</tr>
</tbody>
</table>
Example calculation of transitional rate relief based on a small loser

Key words:
Rateable Value = RV
Base liability (BL) = 2010 charge (calculated using the 2010 RV by multiplier of 0.484)
Notional liability (NL) = 2017 charge (calculated using the 2017 RV by multiplier 0.466)
Appropriate Fraction (AF) = Factor (X) x Inflation (Q) / 100 (see table 2)
Transitional Limit = BL x AF

Calculation:
1 ) Base liability (BL) x Appropriate Fraction (AF) = Transitional Limit (TL)
2 ) Transitional Limit (TL) – Notional Liability (NL) = Transitional adjustment
3 ) Transitional adjustment is subtracted from the 2017/18 yearly charge

Example:
BL = £9,680.00, based on RV of £20,000
NL = £11,650.00, based on RV of £25,000
Appropriate fraction in this example would be 1.071 as the 2017 RV is less than or equal £28,000 (see table 2)
1 ) £9,680.00 x 1.071 = £10,367.28
2 ) £10,367.28 - £11,650.00 = -£1,282.72
3 ) £11,650.00 - £1,282.72 = £10,367.28

For each subsequent year a further percentage is added until the full 2017 bill (i.e. 2010 rateable value x 2016 multiplier) is reached and at this point transition comes to an end.

This means that for the majority of properties the full bill will be payable by the beginning of 2018/19 or 2019/20, although this will depend on the level of rateable value increase in each case.

If your rateable value is going down, ie you are paying less in 2017-18 than you were paying in 2016-17 you are known as “a winner”, the new bill for 2017/18 will be calculated using the 2016/17 rateable value x the 2016 multiplier less the additional amount calculated by taking the percentage in Table 1 (depending on weather you considered a small, medium or large property) and multiplying by Appropriate Fraction shown in Table 2 (depending on weather you are a small, medium or large winner) less any small business relief:

Table 1
<table>
<thead>
<tr>
<th>Year</th>
<th>Small Property (RV below £28,000)</th>
<th>Medium Property (RV=£28,001-£100,000)</th>
<th>Large Property (RV above £100,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>20%</td>
<td>10%</td>
<td>4.1%</td>
</tr>
<tr>
<td>2018-19</td>
<td>30%</td>
<td>15%</td>
<td>4.6%</td>
</tr>
<tr>
<td>2019-20</td>
<td>35%</td>
<td>20%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2020-21</td>
<td>55%</td>
<td>25%</td>
<td>5.8%</td>
</tr>
<tr>
<td>2021-22</td>
<td>55%</td>
<td>25%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Table 2

<table>
<thead>
<tr>
<th>Category</th>
<th>Factor (X)</th>
<th>Inflation (Q)</th>
<th>AF (X x Q / 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Winner</td>
<td>80</td>
<td>1.02</td>
<td>0.816</td>
</tr>
<tr>
<td>RV of 28,000 or below</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Winner</td>
<td>90</td>
<td>1.02</td>
<td>0.918</td>
</tr>
<tr>
<td>RV between 28,001 – 100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Winner</td>
<td>95.9</td>
<td>1.02</td>
<td>0.97818</td>
</tr>
<tr>
<td>RV above 100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Example calculation of transitional rate relief based on a medium winner

**Key words:**

Rateable Value = RV

Base liability (BL) = 2010 charge (calculated using the 2010 RV by multiplier of 0.484)

Notional liability (NL) = 2017 charge (calculated using the 2017 RV by multiplier 0.466)

Appropriate Fraction (AF) = Factor (X) x Inflation (Q) / 100 (see table 2)

Transitional Limit = BL x AF

**Calculation:**

1) Base liability (BL) x Appropriate Fraction (AF) = Transitional Limit (TL)

2) Transitional Limit (TL) – Notional Liability (NL) = Transitional adjustment

3) Transitional adjustment is subtracted from the 2017/18 yearly charge
Example:
BL = £18,392.00 based on RV of £38,000
NL = £14,912.00 based on RV of £32,000

Appropriate fraction in this example would be 0.918 as the 2017 RV is between £28,000 and £100,000 (see table 2)
1 ) £18,392.00 x 0.918 = £16,883.86
2 ) £16,883.86- £14,912.00 = £1,971.86
3 ) £14,912.00 + £1,971.86 = £16,883.86

For each subsequent year a further percentage is taken off until the full 2017 bill (i.e. 2010 rateable value x 2016 multiplier) is reached and at this point transition comes to an end.

For the majority of properties the new reduced bill full bill will be payable by the beginning of 2018/19 or 2019/20, although this will depend on the level of rateable value reduction in each case.

Transitional arrangements do not cover increases due to inflation or changes in a rateable value due to changes to a property, such as an extension.

Am I entitled to a reduction on my bill?

- There are other reductions available depending on the circumstances of a business.
- Please refer to our website: https://www.croydon.gov.uk/business/businessrates/reductions/relief or contact us (see below).

To help you spread your rates payments, we are now offering payment arrangements over 12 monthly instalments, if you pay by Direct Debit.

Direct Debit is the most convenient, efficient and flexible payment method. If you would like to set up a Direct Debit, please complete the online form: https://www.croydon.gov.uk/business/businessrates/business-rates/pay or contact us on the number shown below.

How can I pay my bill?

As well as direct debit, we offer a number of options such as credit & debit cards, Paypoint, Telephone and Internet banking. Full details of all available payment methods are detailed on the back of your bill.
CROSSRAIL BUSINESS RATE SUPPLEMENT (BRS)

What is Crossrail and how will it benefit your business?

Crossrail will connect the outer suburbs and Heathrow to the West End, City and Canary Wharf. It is pivotal to the future of London’s economy and the increased earnings – from new jobs and quicker journeys – will benefit businesses across London.

It is the single largest investment in London’s infrastructure for decades, employing up to 14,000 people at the peak of construction. Crossrail services are due to start on the Shenfield to Liverpool Street section in 2017 and through central London in 2018, followed by a phased introduction of services on the rest of the route.

To find out more, visit www.crossrail.co.uk, call the Crossrail 24 hr Helpdesk on 0345 602 3813 or email helpdesk@crossrail.co.uk

Developments in the construction and financing of Crossrail
The Mayor of London agreed a settlement with the government in October 2010 for the Crossrail route and secured investment for the upgrade of the Tube. Crossrail is now under construction at its key sites across London.

In April 2012 the Mayor introduced a community infrastructure planning (CIL) levy on new developments in London to finance Crossrail.

This is paid for by the developer.

Find out more at: [www.london.gov.uk](http://www.london.gov.uk)

**How will London's businesses help fund Crossrail?**
The Crossrail BRS has been used to finance £4.1 billion of the costs of the project. Of this around £3.3 billion has been borrowed with the remaining £0.8 billion being funded directly using BRS revenues. The Crossrail BRS will need to be levied until the GLA’s borrowing is repaid which is expected to be some time in the 2030s.

**Does my business have to pay the Crossrail BRS?**
Your rates bill makes clear if you are liable to pay the BRS. The Crossrail BRS is applied only to assessments (for example business and other non-domestic premises) on the local rating lists of the 32 London boroughs and City of London Corporation with a rateable value of more than £70,000. Over 80 per cent of non domestic properties in London are therefore exempt.

**How much do I pay if my property's rateable value is above £70,000?**
The Crossrail BRS multiplier for 2017-18 is 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, although no transitional relief is provided for the BRS.

**Keeping you up to date**
We will provide an annual update for ratepayers over the lifetime of the BRS.

**Contact for more information**
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