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 1st 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 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 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 on their website at www.gov.uk/government/organisations/valuationofficeagency 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 rights 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 City of London rating 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. Because of its special circumstances, notably its very small resident population, the Common Council of the City of London can set its own rate, or multiplier, and retain part of the proceeds to help pay for the services it provides. It may set this rate, subject to certain constraints, at a higher or lower level than the rate which applies outside the City of London. The City sets the multipliers for each financial year according to formulae set by legislation.

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 2017 and transitional arrangements

All rateable values are reassessed at a general revaluation. The most recent revaluation took effect from 1st 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. Revaluation does not raise extra money for Government.

Whilst the 2017 revaluation did not increase the amount of rates collected nationally, within this overall picture, the majority of ratepayers received a reduction or no change in their bill whereas some ratepayers saw increases.

A £3.6 billion transitional relief scheme limits 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 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 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 the London Borough of Croydon or the website www.gov.uk/introduction-to-business-rates

More information on the 2017 revaluation can be found at www.gov.uk/introductionto-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 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. 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. Full details can be obtained from the local authority.

**Spring Budget 2017 Relief Scheme: Supporting Small Business**

Ratepayers losing Small Business or Rural 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 without the relief scheme, whichever is first.

This relief will be delivered through local authority discretionary discount powers (under section 47(3) of the Local Government Finance Act 1988). Further information can be obtained from your local authority.

**Spring Budget 2017 Relief Scheme: Discretionary Scheme**

The Government is providing £300 million of funding to local authorities over 4 years to 31st 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 2019/20; £35m in 2019/20 and £5m in 2020/21.

Local authority allocations can be found at: [www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme](http://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme)

This relief will be delivered through local authority discretionary discount powers (under section 47(3) of the Local Government Finance Act 1988). Further information can be obtained from your local authority.

**Autumn Budget 2018 Retail Relief scheme**

The Government is providing funding for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019/20 and 2020/21. The value of discount will be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants.

Properties that will benefit from the relief will be wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

The relief will be delivered through local authority discretionary discount powers (under section 47(3) of the Local Government Finance act 1998). Further information can be obtained from your local authority.

**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 €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 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.

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 local authority is available at

www.croydon.gov.uk/democracy/budgets/financial-accounts

A hard copy is available on request by writing to the council or calling 020 8726 6000.
EXPLANATORY NOTES - BUSINESS RATE SUPPLEMENTS AUTHORITIES ONLY (EXCLUDING COMMON COUNCIL)

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 £70,000 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.

CROSSRAIL BUSINESS RATE SUPPLEMENT (BRS)

What is Crossrail and how will it benefit your business?

Crossrail is London’s newest railway. It will connect the outer suburbs and Heathrow airport to the West End, City and Canary Wharf. As such, Crossrail 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. When it opens, it will be named the Elizabeth line in honour of Queen Elizabeth II.

Crossrail is the single largest investment in London’s infrastructure for decades. It employed up to 14,000 people at the peak of construction. Work is now continuing to complete the project and stations along the route as soon as possible.

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 funding of Crossrail

The previous Mayor of London agreed a funding settlement with Government in 2010 for the Crossrail route. In August 2018, it was announced that the project opening date would be delayed. The Mayor and Secretary of State for Transport announced a revised funding package for Crossrail on 10 December 2018.

How will London’s businesses help fund Crossrail?

In April 2012, the last Mayor introduced a Community Infrastructure Levy (MCIL) on new developments in London to finance Crossrail. This is paid for by the developer. Business ratepayers of larger properties have contributed through a special Crossrail Business Rate Supplement (BRS) since April 2010.

Under the revised funding package, the GLA’s total contribution towards Crossrail
financed through the MCIL and BRS is expected to be around £6.1bn. The BRS will need to be levied until the GLA’s Crossrail related borrowing is repaid. This is expected to be some time in the mid to late 2030s, in line with the published prospectus. The policies for the BRS in 2019/20 remain unchanged from last year.

**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) with a rateable value of over £70,000 on the local rating lists of the 32 London boroughs and City of London Corporation. This threshold means that around 85 per cent of non domestic properties in London will be exempt from the BRS in 2019/20.

**How much do I pay if my property’s rateable value is above £70,000?**

The Crossrail BRS multiplier for 2019/20 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, no transitional relief is provided 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
Finance, GLA, City Hall London SE1 2AA