

Business rates explained

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 tax payers, locally-generated income and grants from central government – is used to pay for the services provided by local authorities in your area.

You can find more information about the business rates system at thurrock.gov.uk/business-rates and gov.uk/introduction-to-business-rates.

Business rates instalments

Payment of business rate bills is automatically set on a 10-monthly cycle. The government has put regulations in place, however, 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 your local authority as soon as possible.

National non-domestic rating multiplier

The local authority works out the business rates bill by multiplying the rateable value of the property by the appropriate multiplier. There are 2 multipliers:

- the national non-domestic rating multiplier
- 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.

Ratepayers who occupy a property with a rateable value that does not exceed £50,999 – and who are not entitled to certain other mandatory relief(s) 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.

The multiplier for a financial year is based on the previous year's multiplier, adjusted to reflect the Consumer Price Index (CPI) inflation figure for the September before the billing year. The current multipliers are shown on the front of your bill.

Rateable value

Apart from properties that are exempt from business rates, each non-domestic property has a rateable value set by the valuation officers of the Valuation Office Agency (VOA) – an agency of Her Majesty's Revenue and Customs.

They compile and maintain a full list of all rateable values, available at gov.uk/voa

The rateable value of your property is shown on the front of your bill. This broadly represents the yearly rent for which the property could have been let on the open market on a particular date specified in legislation. For the current rating list, this date was set as 1 April 2015.

The Valuation Office Agency may alter the value 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 for making challenges and the process for doing so can be found at gov.uk/guidance/how-to-check-your-rateable-value-is-correct

Revaluations

All non-domestic property rateable values are reassessed at revaluations. The most recent revaluation took effect from 1 April 2017.

Revaluations make sure that business rates bills:

- are up-to-date
- more accurately reflect current rental values and relative changes in rents

Frequent revaluations make sure the system continues to be responsive to changing economic conditions.

Business Rate Reliefs

Depending on individual circumstances, a ratepayer may be eligible for a rate relief – that is, a reduction in the business rates bill. There is a range of available reliefs. Some of the permanent reliefs are set out below, but temporary reliefs are often introduced by the government at Budgets.

You should contact your local authority for details on the latest business rates reliefs and advice on whether you may qualify. Further details on reliefs are provided at thurrock.gov.uk/business-rates and gov.uk/introduction-to-business-rates.

Small business rate relief

If a ratepayer's sole or main property has a rateable value that does not exceed an amount set out in regulations, the ratepayer may receive a percentage reduction in their rates bill for this property of up to a maximum of 100%.

The level of reduction will depend on the rateable value of the property – for example, eligible properties below a specified lower threshold will receive 100% relief – and you may receive partial tapered relief up to a specified upper threshold.

The relevant thresholds for relief are set out in regulations that can be obtained from your local authority or at gov.uk/introduction-to-business-rates.

Generally, this percentage reduction (relief) is only available to ratepayers who occupy either:

- a) one property
- b) one main property and other additional properties providing those additional properties each have a rateable value which does not exceed the limit set in regulations

The aggregate rateable value of all the properties mentioned in (b) must not exceed an amount set in regulations.

For those businesses that take on an additional property, which would normally have meant the loss of small business rate relief, they will be allowed to keep that relief for a fixed additional period.

Full details on the relevant limits in relation to second properties, and the current period for which a ratepayer may continue to receive relief after taking on an additional property, can be obtained from your local authority or at [gov.uk/introduction-to-business-rates](https://www.gov.uk/introduction-to-business-rates).

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 that should be notified are:

- (a) the property falls vacant
- (b) the ratepayer taking up occupation of an additional property
- (c) 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
- wholly or mainly used for the charitable purposes of the charity or the club – or of that and other charities, 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.

Unoccupied property rate relief

Business rates are generally payable in respect of unoccupied non-domestic property. They are generally not payable for the first 3 months that a property is empty, however. This is extended to 6 months in the case of certain other properties – for example, industrial premises.

Full details on exemptions can be obtained from your local authority or from gov.uk at [gov.uk/apply-for-business-rate-relief](https://www.gov.uk/apply-for-business-rate-relief).

Transitional rate relief

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 has been funded by limiting the reduction in bills for those who have benefitted from the revaluation. Transitional relief is applied automatically to bills.

Further information about transitional arrangements and other reliefs may be obtained from the local authority or the website gov.uk/introduction-to-business-rates/

Local discounts

Local authorities have a general power to grant discretionary local discounts and to give hardship relief in specific circumstances.

Full details can be obtained from the local authority

State aid

The award of such discounts is considered likely to amount to state aid. It will be state aid compliant, however, 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 200,000 '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 2 previous financial years – from any source – you should inform the local authority 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. Appeals against rateable values can be made free of charge.

Ratepayers who do wish to be represented should be aware that members of the Royal Institution of Chartered Surveyors (RICS), www.rics.org, and the Institute of Revenues and Rating (IRRV), 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 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 thurrock.gov.uk

A printed copy is available on request by writing to the council or at 01375 652 960.