

# Business Rates Information Letter

## (3/2009): Business Information Letter

This is the third Business Rate Information Letter to be issued by the Department this year. Previous letters are available on the internet at:

<http://www.local.communities.gov.uk/finance/busrats1.htm>

### This letter covers:

- ♣ The NNDR Multiplier for 2009- 2010
- ♣ Update of the Pre Budget report Announcement regarding
  - Empty Property Rates
  - Small Business Rate Relief
  - Payment of backdated business rates bills
- ♣ Amendments to the Council Tax and Non-Domestic Rating (Demand Notices)(England) (Amendment) Regulations

Business Rates Team  
Zone 5/D2  
Eland House  
Bressenden Place  
LONDON SW1E 5DU  
Web site:  
www.communities.gov.uk  
10 February 2009

Business Rates Team  
Zone 5/D2  
Eland House  
Bressenden Place  
London SW1E 5DU

Email: [NDR@communities.gov.uk](mailto:NDR@communities.gov.uk)

## Chief Finance Officers of English Billing Authorities

### FOR THE ATTENTION OF THE BUSINESS RATES SECTION

Dear Chief Finance Officer

### Business Rates Information Letter (3/2009):

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### This letter covers:

- The NNDR Multiplier for 2009- 2010;
- Update on the Pre Budget report Announcement regarding:
  - Empty Property Rates
  - Small Business Rate Relief
  - Payment of backdated business rates bills; and
- Amendments to the Council Tax and Non-Domestic Rating (Demand Notices)(England) (Amendment) Regulations

### The NNDR Multiplier for 2009- 2010

1. Following the approval by the House of Commons on 4 February 2009 of the Local Government Finance Report (England) 2009/2010, the Secretary of State has calculated the non-domestic rating multipliers for England for 2009/2010.
2. In accordance with the requirements of paragraph 6(1) of Schedule 7 to the Local Government Act 2003, I hereby serve notice on your authority that the non-domestic rating multiplier and the small non-domestic multiplier for England for 2009/2010 are:
  - **Non-domestic rating multiplier 48.5p (0.485)**
  - **Small business non-domestic rating multiplier 48.1p (0.481)**

3. This notice confirms the provisional figure notified to you in Communities and Local Government's letter of 8 December 2008.

### **Update on the Pre Budget report Announcement**

#### **Empty Property Rates**

4. The secondary legislation to implement the temporary increase in the threshold at which an empty property becomes liable for business rates to a rateable value of £15,000 will be laid before Parliament shortly to come into effect for 1 April 2009. We will notify billing authorities when the regulations are laid.

#### **Small Business Rate Relief**

5. The secondary legislation to remove the restriction requiring properties to be on the rating list on April 1 in order to qualify for small business rate relief in that year will be laid before Parliament shortly to come into effect for 1 April 2009. We will notify billing authorities when the regulations are laid.

#### **Payment of backdated business rates bills**

6. The second BRIL of 2009 gave information on the policy regarding spreading the payment of certain backdated rates bills over 8 years. The Non-Domestic Rating (Collection and Enforcement) (Local Lists) (Amendment) (England) Regulations 2009 (SI number 204) that provide for this new schedule of payments have been laid in Parliament today and will come into force before the end of the current financial year.
7. **SI 2009/204** can be found at: <http://www.opsi.gov.uk/stat.htm>

### **Amendments to the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations**

8. As a consequence of the announcement at the Pre Budget Report to Business Rates policies there is a need to amend the Demand Notice regulations. The amending regulations will be laid before Parliament shortly to come into effect for 1 April 2009. We will notify billing authorities when the regulations are laid.
9. I am conscious however that many authorities are in the process of finalising their billing processes for non-domestic properties, and are making final arrangements for printing etc and are eager to know what account they will need to make of any changes that might apply from the new Demand Notice Regulations. However, I am enclosing below to this letter the text from the final draft of the Regulations prior to them being laid in Parliament. You should note that technically, this remains a draft, but we do not anticipate the text changing between this version and that being considered by Parliament.

10. I trust that you will find this text helpful in informing the finalisation of your non-domestic billing processes.
11. We will not be making changes to the explanatory notes regarding Empty Property Rates. There is already an exemption threshold which we are increasing for one year only and as already highlighted in the current Demand Notice Regulations, details of exemptions can be obtained from the local billing authority.
12. The changes to the regulations relate to the change to Small Business Rate Relief and the introduction of the Schedule of Payments policy.

**Part 1 of Schedule 2 (Matters to be contained in rate demand notices) and Part 3 of Schedule 2**

1. In the explanatory notes in paragraph 6 of Part 1 of Schedule 2—

- (a) for the text beginning with the heading “Small Business Rate Relief” substitute—

**“Small Business Rate Relief**

*This relief is only available to ratepayers who apply to their local authority and who occupy either—*

- (a) *one property, or*
- (b) *one main property and other additional properties providing those additional properties each have a rateable value of less than £2,200.*

*The rateable value of the property mentioned in (a), or the aggregate rateable value of all the properties mentioned in (b), must be under £15,000 outside London or £21,500 in London on every 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.*

*Ratepayers who satisfy these conditions will have the bill for their single or main property calculated using the lower small business non-domestic rating multiplier rather than the ordinary non-domestic rating multiplier that is used to calculate the liability of other businesses.*

*In addition, if the single or main property is shown on the rating list with a rateable value of up to £10,000, the ratepayer will receive a percentage reduction in their rates bill for this property of up to a maximum of 50% for a property with a rateable value of not more than £5,000.*

*If an application for relief is granted, provided the ratepayer’s circumstances do not change, the application will not need to be renewed until the next revaluation of non-domestic premises, which happens every five years. Certain changes in circumstances will need to be notified to the local authority by the ratepayer (other changes will be picked up by the local authority). The changes which must be notified are—*

- (a) *the ratepayer taking up occupation of a property they did not occupy at the time of making their application for relief, 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.*

*Notification of these changes must be given to the local authority within 4 weeks of the day after the day the change happened. If this happens, there will be no interruption to the ratepayer's entitlement to the relief. A notification that the ratepayer has taken up occupation of an additional property must be by way of a fresh application for relief; notice of an increase in rateable value must be given in writing.*

*Full details on the eligibility criteria and on how to apply for this relief are available from the local authority.”; and*

*(b) after the text which begins with the heading “hardship relief” and before the heading “rating advisers” insert—*

**“Schedule of Payments for Certain Backdated Liability**

*Ratepayers who face certain backdated rates liability may be able to discharge that liability over up to 8 years by agreement with their billing authority.*

*This may be possible if the backdated liability has arisen as a result of an alteration to a ratings list which:*

- means a hereditament is shown on that list for the first time;*
- has effect from a day that is at least 33 months prior to the date the alteration is made;*
- is made on or before 31st March 2010; and*
- is not the result of a proposal by an interested person made under the Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2005.*

*To be eligible, ratepayers must have occupied one or more properties affected by the type of rating list adjustment above, within the billing authority area, between the effective date of the list alteration and the date it was actually made, for 33 months or more. Ratepayers are not eligible if they were previously liable for rates in respect of a property “preceding” the new property assessment (i.e. a property that forms a part of a new merged property or a part of a property that has been split into two or more new properties).*

*With the agreement of their billing authority, eligible ratepayers will be able to discharge any outstanding liability that accrued between the effective date of the relevant list alteration and the date the alteration was made over a period of up to 8 years.*

*Further details on the criteria and the process to obtain a schedule of payments are available from your local authority.”.*