
STATUTORY INSTRUMENTS

2012 No. 538

RATING AND VALUATION

The Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2012

Made - - - - 27th February 2012
Laid before Parliament 5th March 2012
Coming into force - - 31st March 2012

The Secretary of State, in exercise of the powers conferred by sections 143(1) and (2) of, and paragraphs 1 and 2(2)(ga) and (h) of Schedule 9 to the Local Government Finance Act 1988(1), makes the following Regulations:

Application, citation and commencement

1. These Regulations, which apply in relation to England only, may be cited as the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2012 and shall come into force on 31st March 2012.

Amendments

2. The Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003(2) are amended as follows.

Content of demand notices

3. In regulation 3(4), for “Part 2 of that Schedule”, substitute “paragraphs 2 to 4 of Part 2 of Schedule 2 to the Council Tax (Demand Notices) (England) Regulations 2011(3)”.

Matters to be contained in a rate demand notice

4. For the explanatory notes in paragraph 7 of Part 1 of Schedule 2, substitute—

(1) 1988, c.41. Paragraph 1 of Schedule 9 has been prospectively amended by Schedule 13 to the Tribunals, Courts and Enforcement Act 2007 (c.15). Paragraph 2(2)(ga) was inserted by paragraph 44(2) of Schedule 5 to the Local Government and Housing Act 1989 (c.42); paragraph 2(2)(h) was amended by paragraph 44(3) of that Schedule.
(2) SI 2003/2613, amended by SI 2008/387, SI 2009/351 and SI 2010/140. There are other amending instruments but none are relevant.
(3) SI 2011/3038.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

“EXPLANATORY NOTES

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. Except in

the City of London, where special arrangements apply, the rates are pooled by central government and redistributed to local authorities as part of the annual formula grant settlement. 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 your local authority and other local authorities in your area. Further information about the business rates system, including transitional and other reliefs, may be obtained at www.businesslink.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.voa.gov.uk. The rateable value of your property is shown on the front of this 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 2010, this date was set as 1st April 2008.

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. Further information about the grounds on which appeals may be made and the process for doing so can be found on the VOA website or from your local valuation office.

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 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. Except in the City of London where special arrangements apply, the Government sets the multipliers for each financial year for the whole of England according to formulae set by legislation. Between revaluations the multipliers change each year in line with inflation and to take account of the cost of small business rate relief. In the year of revaluation the multipliers are rebased to account for overall changes to total rateable value and to ensure that the revaluation does not raise extra money for Government. The current multipliers are shown on the front of this bill.

Revaluation 2010 and Transitional Arrangements

All rateable values are reassessed every five years at a general revaluation. The current rating list is based on the 2010 revaluation. Five-yearly 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.

For those ratepayers who would otherwise have seen significant increases in their rates liability, the Government has put in place a £2 billion transitional relief scheme to limit and phase in changes in rate bills as a result of the 2010 revaluation. To help pay for the limits on increases in bills, there were also limits on reductions in bills. Under the transition 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 2010, 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 because of 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 this bill.

More information on revaluation 2010 can be found at www.voa.gov.uk.

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 the local authority. If the unoccupied property rate for the financial year has been reduced by order, it will be shown on the front of this 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 are not entitled to another mandatory relief or are liable for unoccupied property rates and occupy a property with a rateable value which does not exceed £17,999 outside London or £25,499 in London will have their bill calculated using the lower small business non-domestic rating multiplier, rather than the national non-domestic rating multiplier.

In addition, if the sole or main property is shown on the rating list with a rateable value which does not exceed £12,000, 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 £6,000.

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 £2,599.

The rateable value of the property mentioned in (a), or the aggregate rateable value of all the properties mentioned in (b), must not exceed £17,999 outside London or £25,499 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.

An application for Small Business Rate Relief is not required. 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 (CASC) 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).

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

The local authority has discretion to give further relief on the remaining bill. Full details can be obtained from the local authority.

Non-Profit Making Organisation Relief

The local authority has discretion to give relief to non-profit making organisations. Full details can be obtained from the local authority.

Local Discounts and Hardship Relief

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

Cancellation of Backdated Rates Liabilities

The Government has through the Localism Act 2011 taken a power to allow for the cancellation of certain backdated rates bills that accrued on the 2005 rating list only. Information on the type of backdated rates liability that can be cancelled is available with Business Rates Information letter titled Cancellation of Backdated Rates <http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/businessratesinformationletters/>

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. 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 (website address of local authority where information is published). A hard copy is available on request by writing to the council or at (telephone number).”

Matters to be contained in a rate demand notice: special authorities

5. For the explanatory notes in paragraph 3 of Part 3 of Schedule 2, substitute—

“Explanatory notes either in the following terms or substantially similar terms—

“EXPLANATORY NOTES

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. Except in the City of London, where special arrangements apply, the rates are pooled by central government and redistributed to local authorities as part of the annual formula grant settlement. 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 your local authority and other local authorities in your area. Further information about the business rates system, including transitional and other reliefs, may be obtained at www.businesslink.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.voa.gov.uk. The rateable value of your property is shown on the front of this 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 2010, this date was set as 1st April 2008.

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. Further information about the grounds on which appeals may be made and the process for doing so can be found on the VOA website or from your local valuation office.

Special arrangements for the City of London

As indicated above, 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 amount it must pay into the central pool (as described above) is reduced by the amount, if any, which the Government believes is reasonable for it to retain for that financial year. These arrangements ensure that the City of London ratepayers and council tax payers each bear an appropriate share of the cost of providing the services which benefit them.

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. The City sets the multipliers for each financial year according to formulae set by legislation.

Revaluation 2010 and Transitional Arrangements

All rateable values are reassessed every five years at a general revaluation. The current rating list is based on the 2010 revaluation. Five-yearly 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.

For those ratepayers who would otherwise have seen significant increases in their rates liability, the Government has put in place a £2 billion transitional relief scheme to limit and phase in changes in rate bills as a result of the 2010 revaluation. To help pay for the limits on increases in bills, there were also limits on reductions in bills. Under the transition 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 2010, 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 because of 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 this bill.

More information on revaluation 2010 can be found at www.voa.gov.uk.

Unoccupied Property Rating

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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 the local authority. If the unoccupied property rate for the financial year has been reduced by order, it will be shown on the front of this 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 are not entitled to another mandatory relief or are liable for unoccupied property rates and occupy a property with a rateable value which does not exceed £17,999 outside London or £25,499 in London will have their bill calculated using the lower small business non-domestic rating multiplier, rather than the national non-domestic rating multiplier.

In addition, if the sole or main property is shown on the rating list with a rateable value which does not exceed £12,000, 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 £6,000.

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 £2,599.

The rateable value of the property mentioned in (a), or the aggregate rateable value of all the properties mentioned in (b), must not exceed £17,999 outside London or £25,499 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.

An application for Small Business Rate Relief is not required. 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 (CASC) 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.

Non-Profit Making Organisation Relief

The local authority has discretion to give relief to non-profit making organisations. Full details can be obtained from the local authority.

Local Discounts and Hardship Relief

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

Cancellation of Backdated Rates Liabilities

The Government has through the Localism Act 2011 taken a power to allow for the cancellation of certain backdated rates bills that accrued on the 2005 rating list only. Information on the type of backdated rates liability that can be cancelled is available with Business Rates Information letter titled Cancellation of Backdated Rates <http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/businessratesinformationletters/>

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. 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 (website address of local authority where information is published). A hard copy is available on request by writing to the council or at (telephone number)."

Signed by authority of the Secretary of State for Communities and Local Government

27th February 2012

Bob Neill
Parliamentary Under Secretary of State
Department for Communities and Local
Government

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003 (“the 2003 Regulations”) in relation to non-domestic rating demand notices only. Schedule 2 to the 2003 Regulations sets out the matters which must be included in a non-domestic rating demand notice. Part 1 of that Schedule applies to a demand notice sent by a billing authority other than a rural settlement authority (to which Part 2 of Schedule 2 applies) and a special authority (to which Part 3 of Schedule 2 applies). The term “special authority” is defined in section 144(6) of the Local Government Finance Act 1988 (“the 1988 Act”). The term “rural settlement authority” is defined in the 2003 Regulations as a billing authority which has, in respect of the relevant year, identified one or more rural settlements for that year in a list compiled under section 42A(2) of the 1988 Act. The explanatory notes which are required by each Part give the recipient of a rates bill information about the bill and the reliefs that are available.

These Regulations substitute new explanatory notes for those in Part 1 and Part 3 of Schedule 2 to the 2003 Regulations. The new explanatory notes update the information to be provided to ratepayers to take account of certain changes to non-domestic rating that are due to take effect from 1st April 2010. In particular, the notes have been changed to reflect recent changes to Small Business Rate Relief and to add information regarding the cancellation of certain backdated non-domestic rates liabilities.