

2010 No. 140

COUNCIL TAX, ENGLAND

RATING AND VALUATION, ENGLAND

**The Council Tax and Non-Domestic Rating (Demand Notices)
(England) (Amendment) Regulations 2010**

<i>Made</i> - - - -	<i>26th January 2010</i>
<i>Laid before Parliament</i>	<i>3rd February 2010</i>
<i>Coming into force</i> - -	<i>1st April 2010</i>

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(a) 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 2010 and shall come into force on 1st April 2010.

Amendments

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

Matters to be contained in a rate demand notice

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

“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

(a) 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. These powers are now vested in the Welsh Ministers so far as they are exercisable in relation to Wales. They were previously transferred to the National Assembly for Wales by article 2 of the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672); see the entry in Schedule 1 for the Local Government Finance Act 1988. By virtue of paragraphs 30 and 32 of Schedule 11 to the Government of Wales Act 2006 (c.32), they were transferred to the Welsh Ministers.

(b) S.I. 2003/2613 amended by S.I. 2008/387 and S.I. 2009/355; there are other amending instruments but none is relevant.

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.

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.

Whilst the 2010 revaluation will not increase the amount of rates collected nationally, within this overall picture, over a million properties will see their business rate liabilities reduced and some ratepayers will see increases.

For those that would otherwise see 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 also have to be 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. Further information about transitional arrangements and other reliefs may be obtained from [insert name of billing authority] or the website www.mybusinessrates.gov.uk.

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

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 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.

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

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.

If an application for relief is granted, 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 not need to re-apply for relief in each new valuation period.

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 on which 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.

Charity and Community Amateur Sports Club (CASC) Relief

Charities and registered CASCs are entitled to 80% relief where the property is occupied by the charity or the CASC, 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 CASC (or of that and other CASCs).

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.

Hardship Relief

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

Deferred payment of 2009/10 rates liabilities

Ratepayers in 2009/10 were able to defer payment of 3% of their 2009/10 rates bill and, where applicable, 60% of the increase in that bill due to the ending of the 2005 rating list transitional relief scheme. The right to apply for deferral has now ended. For those ratepayers who applied for this scheme, the deferred amount to be collected in 2010/11 and 2011/12 will be included in the bills for each of those years respectively.

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 and Revenues and Rating (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.”.

Matters to be contained in a rate demand notice: rural settlement authorities

4. In Part 2 of Schedule 2, in the explanatory note titled “Rate relief for businesses in rural areas”—

- (a) for “£7,000” substitute “£8,500”;
- (b) for “£10,500” substitute “£12,500”; and
- (c) for “£14,000” substitute “£16,500”.

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

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.

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.

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For those that would otherwise see 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 also have to be 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. Further information about transitional arrangements and other reliefs may be obtained from [insert name of billing authority] or the website www.mybusinessrates.gov.uk.

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

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

Deferred payment of 2009/10 rates liabilities

Ratepayers in 2009/10 were able to defer payment of 3% of their 2009/10 rates bill and, where applicable, 60% of the increase in that bill due to the ending of the 2005 rating list transitional relief scheme. The right to apply for deferral has now ended. For those ratepayers who applied for this scheme, the deferred amount to be collected in 2010/11 and 2011/12 will be included in the bills for each of those years respectively.

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 and Revenues and Rating (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.”.

Signed by authority of the Secretary of State

26th January 2010

Barbara Follett
Parliamentary Under Secretary of State
Department for Communities and Local Government

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 by:

- (a) updating the information contained in the notes titled “Rateable Value” and “Non-Domestic Rating Multiplier” to take account of the revaluation of non-domestic properties that will take effect on 1st April 2010 (“the 2010 revaluation”);
- (b) replacing the note titled “Transitional Arrangements” with a new note titled “Revaluation 2010 and Transitional Arrangements” to take account of the 2010 revaluation and to explain the transitional arrangements which have been put in place for the new valuation period (1st April 2010 to 31st March 2015);
- (c) updating the information about small business rate relief to take account of changes that are being made to the thresholds for relief and to the application requirements with effect from 1st April 2010;
- (d) inserting a new note to take account of changes to demand notices which will occur where ratepayers have deferred payment of part of their 2009/10 rates bill under the 2009/10 rates deferral scheme; and
- (e) removing the note titled “Schedule of Payments for Certain Backdated Liability” as that scheme does not apply to demand notices served on or after 1st April 2010.

These Regulations also make other minor changes to the explanatory information given to ratepayers with their bills to improve ease of understanding.

In Part 2 of Schedule 2 to the 2003 Regulations the note titled “Rate relief for businesses in rural areas” is being amended to take account of the increases to the thresholds for rural rate relief made by the Non-Domestic Rating (Rural Settlements) (England) (Amendment) Order 2009 (S.I. 2009/3176) which are due to take effect on 1st April 2010.

An impact assessment has not been produced for this instrument as no impact of the private or voluntary sectors is foreseen.

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