

A BASIC GUIDE TO **BUSINESS RATES**



Amber Valley
Borough Council

Introduction

Amber Valley Borough Council have produced this booklet to inform you about business rates.

The intention of this booklet is to give an overview of the rating system and answer the most frequently asked questions of the Business Rates Section. It is intended to give a helpful outline of business rates and it should not be regarded as a complete guide to the law.

You can contact us:

Non Domestic Rates

PO Box 1, Town Hall

Ripley, Derbyshire DE5 3BT

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Information we hold about you and what we use it for

We may use the information you give us to work out how much Business Rates you have to pay. We may also use it to tell you about council services that might interest you or to invite you to take part in surveys to help us improve our services.

We will always keep to the requirements of the Data Protection Act and use the information you provide for purposes allowed by law.

We are also under a duty to protect public funds and to this end we may use the information you give us to help prevent/detect error, fraud crime or to satisfy the requirements of a request made under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. We may also share or match your information with other bodies responsible for auditing or administering public funds for these purposes.

What are Business Rates?

Business Rates are the means by which business, and others who occupy non-domestic property, make a contribution towards the cost of local services.

Non-domestic properties are business properties such as shops, offices, warehouses and factories, and any other properties that are not classed as domestic property.

Business Rates are paid to Amber Valley Borough Council, who act as the Billing Authority on behalf of the Government. The rates collected are pooled by central government and redistributed to local Councils according to the number of people living in the area.

Who has to pay Business Rates?

In most cases the occupier of the property is responsible. If the property is empty, the owner or leaseholder is responsible. If you pay your rent or rates to the owner (or leaseholder) included in with your rent, please remember that you are still liable to pay Business Rates and in most cases Amber Valley will still send you a bill.

If the owner does not pay us, we will get the payment from you. Any private agreement between you and the owner or leaseholder is not binding in rating law. This means that you might need to go to the county court to reclaim the rates from the owner.

How much do you pay?

We work out your Business Rates bill by multiplying the rateable value of your property by the multiplier set by the Government (sometimes known as the rate in the pound). The valuation Office Agency (an agency of Inland Revenue) sets the rateable value of your property and revalues all business properties every five years. All properties have been revalued from 1 April 2010.

The Government changes the multiplier each year to move inline with inflation. By law the multiplier cannot go up by more than the current rate of inflation as at the previous September except following a revaluation.

If your rates bill does rise significantly at revaluation, you may be protected by transitional arrangements which limit the percentage a bill can change

in a year. Significant reductions are also affected by transitional arrangements.

What is the rateable value?

On 1st April 1990, when the current Non-Domestic Rating system was introduced, every business premises was allocated a rateable value unless it was of a type which is exempt from rating.

Following the latest revaluation, effective from 1st April 2010, the rateable value is a broad representation of the annual rent the property could have been let for on the open market as at 1st April 2008.

Rateable values are revalued every five years with the current revaluation on taking effect on 1st April 2010. Responsibility for assessing rateable values rests with the Valuation Office Agency, which is a branch of the Inland Revenue. Their district office is located at Ground Floor, Ferrers House, Castle Meadow Road, Nottingham NG2 1AB.
Tel: 03000 501501.
www.voa.gov.uk

If you believe that the rateable value for your premises is incorrect you should enter a proposal to alter it. This is also known as making an appeal. Contact the valuation office agency at Ground Floor, Ferrers House, Castle Meadow Road, Nottingham NG2 1AB. Tel: 03000 501501 www.voa.gov.uk

If you decide to appeal, this should be done as quickly as possible as there are limits on how far back any change in value can go.

Appealing against your rateable value

You can appeal against the rateable value of your property at any time before 31 March 2015 if you think that:

- The rateable value shown in the list is wrong;
- There has been a physical change to the building;
- There has been a physical change in the local area;
- The use of the building has changed;
- The use of a neighbouring property has changed;
- Your property or part of your property should be exempt; or
- Your property should be considered as more than one

property, or several properties should be considered as one.

Any change in the value will be backdated to the date the list was produced or to the date the change was made to the property.

Even if you appeal against your rateable value, by law you must continue to pay your Business Rates. If you are successful and get a reduction in your rateable value that results in an overpayment, you will receive interest at the rate set by the Government, as long as you have paid in strict accordance with your bill.

What are transitional arrangements?

Property values can change a great deal between each revaluation so transitional arrangements help to phase in the effects of these changes on ratepayers' bills.

To help pay for the limits on increases in bills after a revaluation, there also have to be limits on reductions in bills.

Under the transitional relief scheme, limits can continue to apply to yearly increases and decreases for all five years between revaluations or until the notional times the multiplier.

In the case of increases, transitional limits apply if, in any financial year, the amount you

would have to pay (based on your rateable value times the multiplier) is higher than the previous year's bill (based on the amount due on 31st March) by more than the amounts shown below left. If this is the case your bill will be increased by the amounts below left.

Increases Table

Year	"Small" Property (rateable value of less than £18,000)	"Large" Property (all others)
2010/11	5%	12.5%
2011/12	7.5%	17.5%
2012/13	10%	20%
2013/14	15%	25%
2014/15	15%	25%

Decreases Table

Year	"Small" Property (rateable value of less than £18,000)	"Large" Property (all others)
2010/11	30%	4.6%
2011/12	30%	6.7%
2012/13	35%	7%
2013/14	55%	13%
2014/15	55%	13%

Please note that after these limits have been applied to your bill, the amount you pay will still need to take account of the rate of inflation for that financial year.

In the case of decreases, transitional limits apply if, in any financial year, the amount you would have to pay (based on your rateable value times the multiplier) is lower than the previous year's bill (based on the amount due 31st March) by more than the amounts shown in the above right table. If this is the case then your bill will be reduced by the amounts shown above right. (Decreases Table).



What other reductions are available?

Small Business Rate Relief

This is a new rate-relief scheme for small businesses which came into force from 1 April 2005 and is funded by a supplementary rate on larger businesses.

It applies where either:

- The ratepayer occupies only one property and that property has a rateable value of less than £18,000; or
- The ratepayer occupies one main property and other properties, as long as those other properties have rateable values less than £2,600 and the total rateable value of all the properties is less than £18,000.

The small-business relief has to be applied for, and be made during the financial year or within six months after the financial year has ended.

- Qualifying properties with a rateable value of less than £6,000 will be entitled to 50% relief. This will decrease on a sliding scale of about 1%

for every £120 above £6,000 rateable value, with a top limit of £11,999 rateable value.

- Qualifying properties with a rateable value from £12,000 to below £18,000 will not receive small-business rate relief, but we will work out their bill using the small-business non-domestic rate multiplier.
- The property must be on the rating list on each chargeable year for which the relief is claimed.

Empty Properties - Prior to 1 April 2008

Rates are currently charged at 50% of the rate bill after transitional arrangements and any other reliefs have been applied. Liability begins after the property has been empty for 3 months. However, industrial buildings, listed buildings and properties with rateable values of less than £2,200 in the 2005 Rating List are exempt from empty property rates even after the first three months have passed.

From 1 April 2008

The Chancellor of the Exchequer announce proposed reforms to Business Rate empty property relief in his recent Budget. These reforms are expected to be effective from the 1st April 2008 and the changes proposed are as follows.

Office and retail premises will receive 100% relief for a 3 month period when first falling empty. Relief will then end for properties remaining empty beyond this period and the full occupied charge will become payable.

Industrial and warehouse premises will receive 100% relief for a 6 month period when first falling empty. Relief will then end and the full occupied charge will become payable.

Charities and non-profit making organisations

Charities are entitled to relief from rates on any non-domestic property which is wholly or mainly used for charitable purposes.

Relief is given at a mandatory rate of 80% of the rate bill after any transitional arrangements have been applied. However, the council also has the discretion to allow relief on all or part of the remaining 20%.

If your Organisation is not a registered charity but is another type of non-profit making organisation, you are not automatically entitled to relief. However, the Council may decide to give you relief on all or part of your rate bill if:

- the organisation is charitable (but not registered);
- the organisation is religious or concerned with education, social welfare, science, literature or the fine arts;
- the property is used by a non-profit making organisation and used wholly or mainly for the purpose of recreation.

Partly occupied relief

If part of your property is not being used and is completely unoccupied for a short time, the Council may consider giving you relief to reduce the amount you have to pay.

Each case is judged on its own merits and will only be followed if it is clear that part of your property is unoccupied for a short period.

To apply for this relief, you should make a written claim supplying the following information:

- A detailed plan of the premises showing clearly which areas are currently occupied and which are un-occupied.
- The date that the part-occupation commenced and when it is expected to cease.
- The reason why the part-occupation became necessary.
- Is there any intention to sublet or sell the unoccupied area?
- Will any machinery, equipment etc to be stored in this area?
- Any other information in support of your claim.

Please note – An officer from Amber Valley Borough Council will need to inspect your premises to verify your application.

If the Council decides to award relief, an application will be made to the Valuation Office Agency for details of how the rateable value is split between the occupied and unoccupied areas. Relief will then be awarded to your property in line with the appropriate empty charge for the unoccupied area. Please note it is likely that the changes to empty property relief will have a knock on effect on any relief granted.

Hardship relief

The Council has the discretion to allow relief on all or part of your Business Rates bill. However, we will normally only do this in extreme cases of hardship and for businesses which are particularly important to the local community, taking into consideration the effect of unemployment on the community and the loss of service to the community if the business were to close. This takes account of the fact that local Council Tax payers will cover part of the cost of the relief awarded.

To apply for this relief, you should make a written claim supplying the following information:

- The last two years' business accounts certified by the Inland Revenue.
- A statement of your current income and expenditure.
- Documentary evidence of any other debts outstanding.
- A written statement from an independent body (e.g. CAB, Accountant) confirming your current financial situation.
- Proof of intention to sell or let the property (e.g. estate agents sale details etc).
- Any other information in support of your claim.

Rural Rate Relief

The occupier of a Post Office, general store or food shop in an area appearing in the Council's Rural Settlement List is entitled to rate relief if it is the only such business in that settlement and its rateable value is £8,500 or less, as is the occupier of the only public

house or petrol filling station as long as it's rateable value is up to £12,500.

Relief is given at a mandatory rate of 50% of the rate bill after any transitional arrangements have been applied. However, the Council has the discretion to allow relief on all or part of the remaining 50%.

The Council also has the discretion to allow varying levels of relief on the rates bill on any other property within an area shown on the Rural Settlement List if its rateable value is not more than £16,500 and the Council is satisfied that the business in occupation is of benefit to the local community.

To find out which areas are included in the Rural Settlement List please contact the Business Rates Section on 01773 841444.

Applying for rate relief

If you wish to apply for any of these rate relief schemes or need further information, please contact the Business Rates Section on 01773 841444.

You can also get information about rate relief and rate bills by visiting the following websites: www.mybusinessrates.gov.uk or www.ambervalley.gov.uk

Your business rates bill and how to pay it

At the beginning of each financial year you will receive your annual bill. This sets out the period you are being charged for; your rateable value, any reliefs that apply to you and the amount due. You can pay in the following ways:

Debit/credit card payments over the phone – call 01773 841444

Direct debit. Please request a mandate, or call 01773 941444 to set this up over the telephone.

By secure online payments over the internet. Visit www.ambervalley.gov.uk for more information.

By cash or cheque at the Council's cash offices:

- Market Place, Heanor
9.00am – 4.30pm Monday, Tuesday, Thursday & Friday
9.00am – 1.30pm Wednesday
- Alfreton House, High Street, Alfreton

9.00am – 4.30pm Monday, Tuesday, Thursday & Friday
9.00am – 1.30pm Wednesday

- Market Place, Ripley
9.00am – 4.30pm
Monday – Friday

Postal Remittances Cheques should be made payable to 'AMBER VALLEY BOROUGH COUNCIL' and sent to P.O. Box 1, Town Hall, Ripley, Derbyshire DE5 3BT, quoting your non-domestic reference number on the reverse.

Automated Payment Line – call 01773 841345

What if you can't pay?

If you are having difficulties in paying your bill, please contact the Business Rates Section on 01773 841444 to discuss an arrangement for payment.

If you do not pay and do not contact us to arrange to pay, we will have to take you to court. This will mean you having to pay costs of legal action and could result in the debt being referred to the Local Authority's bailiff, and or further recovery proceedings. It is far better for you to contact us as soon as you get into difficulty.



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