

## Chamber of Trade Talk on Business Rates

5 November 2013

### Business Rates and Local Government Finance

(David Rawsthorn)

#### Illustration 1

Reduction in Central Government Funding (including BRRS)

		Reduction from 2010-2011	
	£	Cash	Real
2010-2011	4.6m		
2013-2014	3.8m	17%	23%
2016-2017	2.6m	43%	51%

#### Illustration 2

	£'m
Total Business Rates Collected	20.0
50% to Government	10.0
10% to County	2.0
40% to Eden District Council	8.0
<b>BUT – Less:</b>	
Tariff to Government	6.2
Levy to Government	0.2
Eden District Council	1.6

### Illustration 3

Government:		
50% share	50p	
Levy	20p	
		70p
County		10p
Eden District Council		20p
		100

### Illustration 4

Government:	
50% share	50p
County	10p
Eden District Council	40p
	100

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## How Your Rates are Calculated

(Ian Mallinson)

Business Rates are worked out by multiplying the 'rateable value' of your property (set by the Valuation Office Agency) by the Business Rates multiplier (set by central government).

The rateable value of a property is based on its estimated open market rental value on a specific date. For the current 2010 list, properties are valued as at 1 April 2008.

Revaluations are carried out every five years. However, the revaluation due for 2015 has been postponed until 2017.

### If you think your rates are wrong

Contact the Valuation Office Agency (VOA). The VOA has an excellent website where you can see how your rateable value is calculated and how it compares to others in the area: <http://www.2010.voa.gov.uk/rli/en/basic>

### Valuation Office Agency

Telephone (England): 03000 501 501

Telephone (Wales): 03000 505 505

Your Business Rates could change if:

There is material change to your **property** or **area** that has had an impact on your trade. The current economic downturn will not affect your rateable value.

### Reliefs available

#### Small Business Rate Relief

You can get Small Business Rate Relief if:

- you only use one property;
- its rateable value is less than £12,000.

## What you get

Until 31 March 2014, you'll get 100% relief (doubled from the usual rate of 50%) for properties with a rateable value of £6,000 or less. This means you won't pay Business Rates on properties with a rateable value of £6,000 or less. It is not yet known whether the Government will extend this more generous scheme beyond March 2014.

The rate of relief will gradually decrease from 100% to 0% for properties with a rateable value between £6,001 and £12,000.

## You have more than one property

You could get Small Business Rate Relief if the rateable value of each of your other properties is less than £2,600.

The rateable values of the properties are added together and the relief applied to the main property. Application forms are available by contacting the Local Taxation Team on 01768 212220, or can be downloaded from the Council's website: <http://www.eden.gov.uk/business-and-the-economy/business-rates/business-rates-reliefs-and-reductions/business-rate-relief-small-businesses/>

Currently, 291 businesses in Penrith are receiving Small Business Rate Relief. 107 of these are listed as shops and, of these, 55 receive full relief and pay nothing.

## Discretionary reliefs

The Council has powers to grant a range of discretionary reliefs. The Council has the following schemes of Business Rates relief:

**Not for profit organisations** - the scheme gives a range of reliefs dependent on the organisation and size of property. So, for example:

- a village hall with a rateable value (RV) of less than £5,000 is eligible for up to 100% relief;
- a sports club (that is not registered as a community amateur sports clubs) with an RV of more than £10,000 is eligible for 50% relief.

**Charities and registered community amateur sports clubs** - can be awarded relief on top of their 80% mandatory relief. So, for example, relief can be awarded:

- up to 20% below an RV of £5,000;
- up to 10% above an RV of £5,000.

**Rural businesses** - the scheme gives a range of reliefs dependent on the type of business and size of property. So, for example:

- post offices and a general store (the only one in a settlement): 50% relief - added to the 50% mandatory relief, this gives 100% relief;
- garages - up to 30%.

**The Localism Act 2011** - provides a discretionary power for local authorities to reduce the Business Rates of any local ratepayer. Because of the high financial cost to the Council of awarding this relief, it is unlikely many applications will be granted.

It is proposed that:

- any relief will be for a maximum of 12 months, with further applications (on the same grounds) not being considered (this is partly a cost control measure, but is also designed to ensure a business does not become dependent on ongoing relief);
- the applicant should explain how the residents of Eden would benefit compared to the cost of awarding the relief;
- the applicant should explain how the business will be affected once the temporary award of relief ends (this is to ensure that the relief supports a business that is sustainable in the long-run).

