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Chief Finance Officers of English Billing Authorities

FOR THE ATTENTION OF THE BUSINESS RATES SECTION

Dear Chief Finance Officer

Business Rates Information Letter (9/2011): Small Business Rate Relief

This is the ninth business rates information letter to be issued by the Department of Communities and Local Government this year. Previous letters are available on the internet at:

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/Busratesinformationletters/>

This letter covers:

- **The Small Business Rate Relief**

1. Business Rates Information Letter 6 set out the changes to Small Business Rate Relief for 2012-13. This provides further details.

2. Last year, we consulted on the Coalition Agreement commitment to find a practical way to make Small Business Rate Relief automatic. As full automation is not currently achievable the Government committed to:

- remove the legal requirement for an application form in order to claim the relief; and
- remove the single property criterion in order to be eligible for the small business multiplier.

3. The Localism Act amends section 43 of the Local Government Finance Act 1988, under which the small business rate relief order is made. The amendment enables the Secretary of State to remove the legislative requirement, contained in the Small Business Rate Relief order, for ratepayers to submit an application. This will bring Small Business Rate Relief into line with other reliefs, none of which legally require an application form to be submitted. However, as with all other reliefs, local authorities must still satisfy themselves that the ratepayer meets the eligibility criteria.

4. We are also removing the existing criterion which requires that ratepayers occupy only one hereditament in England in order to be eligible to have their liability calculated by reference to the small business multiplier. This is because evidence shows that ratepayers who would only be eligible for the small business multiplier – and not for the additional discount (relief) – are a large proportion of those that are not claiming the relief. This will therefore make it easier for authorities to apply the lower multiplier to bills. It should be noted, however, that as small business rate relief can only be granted in respect of occupied properties, liability in respect of unoccupied properties cannot be calculated by reference to the small business multiplier and the changes do not, therefore, affect the position for unoccupied properties. Neither do the changes affect the position for ratepayers entitled to other mandatory reliefs.

5. However, please note that the single property eligibility criterion is remaining in place in order to be eligible for a discount (i.e. relief in addition to having liability calculated by reference to the small business multiplier). That eligibility criterion will be exactly the same as it currently is.

6. In addition, in the Autumn Statement the Chancellor announced that the doubled level of Small Business Rate Relief would continue for the final six months of 2012-13.

7. In consequence, in January we will be laying a new Small Business Rate Relief statutory instrument which will replace the existing one and contain the necessary provisions to implement all of the above changes. The new instrument will apply from 1 April 2012. The instrument has already been drafted and your software suppliers have a copy.

8. We will also be amending the collection and enforcement regulations to remove the instalment plan put in place to deal with what would have been (without the Chancellor's announcement) an uneven level of relief in 2012-13. Authorities will therefore be able to bill using the usual instalment plan.