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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 (07/2011): New Business Rate Measures

This is the seventh 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/>

This letter covers:

The Chancellor's 29 November Autumn Statement announcement.

1. Today the Chancellor announced in his Autumn Statement two business rates measures. They were:
 - A further six month extension of the increase in Small Business Rate Relief; and
 - A deferral scheme for 60% of the RPI increase (5.6%) in 12-13 bills.

Further six month extension

2. The further extension of the temporary Small Business Rate Relief measure will mean that eligible ratepayers will receive the increased relief through the whole of the 2012/13 billing year. We are therefore aiming to

have the necessary legislation in place for January so that ratepayers' annual bills are able to take account of the extension.

3. The intention is for the legislation to also take account of the changes associated with the Localism Act mentioned in Business Rates Information Letter 6.

Deferral scheme

4. The deferral scheme will be administered on a similar basis as the 2009/10 deferral scheme. Ratepayers will therefore be able to defer 60% of the RPI increase in their rates bills which will be paid back equally in the following two years. We will bring forward the necessary legislation next year. We will be liaising with software suppliers and local authority practitioners shortly to work through the detailed practicalities. A further letter setting out more details of the 2012/13 scheme will follow.

5. **Please note** – we recognise that as a voluntary scheme ratepayers will want to see their rates liability for 2012/13 prior to making their decision as to enter into the deferral scheme. Furthermore the legislation required to allow the deferral will not be enacted until next year. Therefore, we are not expecting ratepayers to be able to defer from the start of the billing year. However, as with the last deferral scheme, the basis on which a ratepayer will be able to defer will be against their entire annual bill. We will provide further information on timing shortly.

6. The Government will fund any new burdens costs associated with the scheme.