

VALIDATION CHECKS FOR NNDR2 RETURN

Please read this note before submitting your NNDR2

We cannot guarantee processing your form with 6 weeks if the necessary explanations are not supplied with your NNDR2

The National Non-domestic Rating Downward Recalculation Return 2012-13 is designed to report your authority's recalculation of the provisional contribution to the non-domestic rating pool for 2012-13.

The provisional amount can only be adjusted if the difference between the recalculated amount and the last calculation of the provisional amount meet the following criteria:

Before 1 October 2011 the reduction must exceed:

- £25,000 or 1% of your authority's budget requirement for 2012-13, whichever is the greater

On or after 1 October 2011 the reduction must exceed:

- £50,000 or 2% of your authority's budget requirement for 2012-13, whichever is the greater

If the form is submitted before the completion of the NNDR3 for 2011-12, do not include any adjustments in respect of previous years if it is reasonably practicable for these to be included in the NNDR3.

VALIDATION

All NNDR2s are validated to check that the form has been calculated correctly. In addition, we will compare your NNDR2 with the data provided on your NNDR1 for 2012-13 and where there is a significant change we will require a detailed explanation.

It would be helpful if officers completing the form could ensure that the information is checked against the following notes as this will improve the processing of the form and ensure that the interim settlements can be dealt with quickly.

NNDR2 Form

Please note that the validation checks and all calculations have been built into the NNDR2 form and space has been provided for any explanations. Please note that whilst we have tried to incorporate most of the checks into the validation sheet we may need to contact local authorities for additional information following the validation on our database. Details of the checks incorporated into the NNDR2 form are set out below.

GENERAL CHECKS

Please ensure all calculations are correct. The form carries out most of the calculations and there should be no need to enter figures in the calculated cells but please do check the calculations carefully.

SPECIFIC VALIDATION CHECKS

Gross Rate Yield

For a downward recalculation we would generally expect the Gross Rate Yield to reduce slightly. However, this is not always the case. We therefore check the gross rate yield against the figure provided on the NNDR1 or last NNDR2. We will require further clarification if the figure is either 5% more or 10% less than that provided on the NNDR1 or last NNDR2. We deliberately set the percentage lower for the increased rate yield as this outcome is not generally anticipated.

Transitional Relief

It is often difficult for us to fully appreciate the changes to transitional relief figures following a downward calculation. This is due to a combination of the impact of successful appeals and the local authority having access to more accurate data. Therefore, we need as much information as possible to explain the changes

Transitional Relief - Reduced Rate Yield due to increases being deferred

We anticipate that the reduced rate yield figure in line 7 of the NNDR2 will be less than the estimate on the NNDR1 or previous NNDR2. A typical scenario is:

Original rates yield	£ 50,000
Following revaluation increased to	£100,000
TR threshold	£ 80,000

Therefore reduced rate yield due to increases being deferred is £20,000.

Following a successful appeal the RV is reduced to £65,000. The property is no longer in transitional relief therefore reduced rate yield figure in line 7 would be reduced by £20,000)

If the figure is higher please provide an explanation why this is the case. An explanation is also required if the reduced rate yield has decreased by more than 10%. Include in the explanation:

- The number of properties which affect the reduced rate yield and the amounts involved
- total number of properties in transitional relief

Transitional Relief - Increased Rate Yield

Following successful appeals we anticipate that the increased rate yield on the NNDR2 will be more than the estimate on the NNDR1 or previous NNDR2.

A typical scenario is:

Original rates yield	£ 150,000
Following revaluation reduced to	£100,000
TR threshold	£ 110,000

Therefore increased rates yield due to decreases being deferred is £10,000.

Following a successful appeal the RV is reduced and the rates yield is reduced to £85,000. The increased rates yield figure in line 8 is increased by £15,000.

If the figure is lower please provide an explanation why this is the case. An explanation is also required if the increase in rate yield is greater than 10%. Include in the explanation:

- The number of properties which affect the increased rate yield and the amounts involved
- total number of properties in transitional relief

Mandatory Reliefs

Further explanation is required if the figure on the NNDR2 is different to that on the NNDR1 or last NNDR2 by the following percentages:

Total additional yield generated to finance the small business rate relief - 10% (either up or down)

Small business rate relief for properties within the billing authority's area- 10% (either up or down)

Charity Relief - 10% (either up or down)

Community Amateur Sports Clubs (CASCs) - 30% (either up or down)

Rural Shops - 30 % (either up or down) (see note below)

Partly occupied - 20% (either up or down)

Empty Properties - 20% (either up or down)

Discretionary Reliefs

Further explanation is required if the figure on the NNDR2 is different to that on the NNDR1 or last NNDR2 by the following percentages:

Charity Relief - 15% (either up or down)

Non-Profit - 25 % (either up or down)

Community Amateur Sports Clubs (CASC) - 25% (either up or down)

Rural Shops & Post Offices - 25% (either up or down) (see note below)

Other small rural business - 25% (either up or down)

In addition, we will compare the discretionary relief amounts for charities, rural shops & post offices etc and former agricultural premises with the corresponding mandatory lines. We will require an explanation where an amount is shown for discretionary relief but not mandatory relief.

Hardships

The NNDR1 does not require an estimate for the discretionary relief for hardships. We therefore ask that you provide details of any reliefs granted under section 49 of the Local Government Finance Act 1988.

Could you provide the following information on hardship relief:

- the type of business involved;
- the amount of relief granted;
- if any relief has been granted to the company in the previous two years, please provide details.

State Aids

It should be remembered that discretionary relief and hardship relief may be state aid under EU law if it exceeds a de-minimis threshold. This threshold is currently €100,000 to any one business undertaking over a three year period. The exemption should not be relied upon without first checking with the business concerned that they have not received other state aids in the previous three years. Further, the de-minimis exemption does not apply in certain sectors, including agriculture, fisheries, transport, shipbuilding, coal and steel.

Losses in collection

Please write your losses in collection proportion in the space provided on the form.

For losses in collection, we check:

- the calculation in column 2; and
- the total losses given in column 3 against the calculation on the NNDR1. If the difference is more than 10% an explanation will be required.

Cost of collection

This figure **must** be exactly the same as that given on your NNDR1 line 22.

Repayments to Ratepayers

This figure is to help us identify the amount of repayments included in the recalculation. Please give details, within the box provided, of the largest case. As in previous years, we do not require supporting documentation.