



Business Rates & Valuation Division
Local Government Finance Directorate
Zone 5/D2
Eland House
Bressenden Place
London SW1E 5DU

Email: ndr@communities.gov.uk

Chief Finance Officers of English Billing Authorities

FOR THE ATTENTION OF THE BUSINESS RATES SECTION

Dear Chief Finance Officer

Business Rates Information Letter (3/2011):

This is the third 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:

- **Publication of draft guidance and Regulations on the application of the Cancellation of Certain Backdated Business Rates Liabilities**

Cancellation of Certain Backdated Business Rates Liabilities – draft Regulations and guidance

1. This Government has been committed to finding a solution to the 'ports tax' – the unfair backdated rates bills incurred by some businesses (including many located within ports) across England during 2008.
2. Despite the financial constraints, we have honoured our commitment to find a permanent solution to the problem by bringing forward legislation to remove these liabilities.
3. Therefore, once the Localism Bill receives Royal Assent, regulations to be made under that legislation will cancel the bills of certain businesses that were hit with unexpected and significant backdated rates where their property was split from another property for rating purposes.

4. The regulations will apply to all eligible businesses across England faced with a similar backdated rates liability and is not just for businesses within ports. The Government estimates that the cost of cancelling certain backdated liabilities for all eligible properties, as announced at the budget, to be in the region of £175m.
5. Pending the passage of the Localism Bill through Parliament, we have already taken sensible steps by introducing a moratorium on the repayment of certain backdated liabilities, and subject to Parliamentary approval, once the necessary legislation is in place, eligible businesses will finally be able to have this debt dealt with appropriately – by having it cancelled.
6. This action will help businesses to move forward, unburdened so that they can do what is required for our economy to strengthen, which is to invest in jobs and growth.
7. Once the Bill receives Royal Assent, the Department will implement the necessary secondary legislation, which will be accompanied by guidance to assist billing authorities.
8. Attached to this business rates information letter is a **draft** of the guidance including examples that we would issue to authorities. Embedded in the guidance is the proposed text of the Regulations implementing the cancellation.
9. The publication of this guidance note in draft form is intended to give authorities and interested parties the opportunity to make any comments or ask questions on the process, the draft regulations and the examples, to ensure that the final versions will enable local authorities to fully implement the cancellation policy.
10. If you have any questions or comments on the draft guidance or draft Regulations then please email: ndr@communities.gov.uk

Policy

11. Readers will note that the detailed policy is in line with details provided in Business Rates Information Letter 8/2010 (<http://www.communities.gov.uk/documents/localgovernment/pdf/1627919.pdf>). The cancellation will apply to certain backdated business rates liabilities that meet the 'schedule of payments' criteria AND were incurred following a split from another rateable property.
12. The criteria for entering into an agreement under the 'schedule of payments' and the moratorium remains the same. Please refer to Business Rates Information Letter 2/2009 (<http://www.communities.gov.uk/documents/localgovernment/pdf/1178175.pdf>) and Business Rates Information Letter 7/2010 (<http://www.communities.gov.uk/publications/localgovernment/bril72010>) for information on this.

Localism Bill

A copy of the Bill, as it presently stands, can be found at <http://services.parliament.uk/bills/>