



Ministry of Housing,  
Communities &  
Local Government

Non-Domestic Rates Team  
LGF – Local Taxation  
SE Quarter - 2<sup>nd</sup> Floor  
Fry Building  
2 Marsham Street  
London SW1P 4DF

8 May 2018

[ndr@communities.gov.uk](mailto: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 (3/2018): Business Rates Bill and Additional Information**

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

<https://www.gov.uk/government/collections/business-rates-information-letters>

or for archived letters:

<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/busratesinformationletters/>.

**This letter covers:**

- **Rating (Properties in Commons Occupation) and Council Tax (Empty Dwellings) Bill**
- **New Fibre Telecommunications Relief**
- **Rating Appeals – End of List Arrangements**
- **Compensation Arrangements for the Budget 2017 Rates Relief Schemes**

## **Rating (Properties in Commons Occupation) and Council Tax (Empty Dwellings) Bill**

1. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill was introduced into the House of Common on the 28<sup>th</sup> March and had its Second Reading on the 23<sup>rd</sup> April.

2. This Bill makes provision to address the so called 'staircase tax', which resulted from the 2015 Supreme Court 'Mazars' ruling which forced the VOA to change its practice, so that properties units are treated as separate rating assessments and therefore each receive their own rates bill, irrespective of whether they are in the same occupation and are contiguous. This legislation intends to reinstate the previous widely accepted and understood practice of the VOA assessing as one property units in the same occupation which were touching. This will be backdated to cover the 2010 list retrospectively.

3. The Bill also makes provision to increase the percentage by which a billing authority in England may increase the council tax payable in respect of a long-term empty dwelling from 50% to 100%.

### **New Fibre Telecommunications Relief**

4. This section only concerns those authorities whose lists contain a telecom network.

5. On 27 March the Government made the The Non-Domestic Rating (Telecommunications Infrastructure Relief) (England) Regulations 2018. These regulations, and the amendments to section 43 of the Local Government Finance Act 1988 introduced by the Telecommunications Infrastructure (Relief from Non-Domestic Rates) Act 2018, bring into force the 100% rate relief scheme for new telecom fibre announced by the Chancellor at Autumn Statement 2016. The scheme applies retrospectively to 1 April 2017 and will run for 5 years.

<http://www.legislation.gov.uk/all?title=Telecommunications%20Infrastructure%20Relief>

6. The scheme will be primarily administered by the Valuation Office Agency who will identify eligible networks and provide local authorities with a certificate of the rateable value of the new fibre. Local authorities will then be required to apply a simple percentage relief (calculated from the certificate) to the chargeable amount of the eligible hereditaments. A description of how to calculate the relief is at paragraphs 18 and 19 on the Government's consultation on the fibre relief (at the below link) but can also be found in the formula for F in regulation 4 of the above regulations.

<https://www.gov.uk/government/consultations/business-rates-relief-for-new-fibre-on-telecommunication-hereditaments>

7. The issuing of certificates is only likely to commence once the VOA have concluded discussions with the telecom sector as to how they should assess the

rateable value attributable to new fibre. The new fibre relief should then be calculated after transitional relief. We do not anticipate any other reliefs applying to telecom networks<sup>1</sup>. The Government will compensate local authorities for their share of the cost of the relief and will include the necessary amendments to future NNDR forms.

### **Rating Appeals - End of List Arrangements**

8. In March 2017 the Government response on the consultation on the new business rates appeals system (Check, Challenge, Appeal – CCA) stated that the Government would review the early implementation of the reformed system before considering end of list arrangements and the case for an early deadline for appeals (i.e. before the end of the list).

9. Since the response was published, the Government has announced that the next revaluation is being brought forward to 2021. The Government will be undertaking further work to consider end of list arrangements in the light of the decision in March to bring forward the next revaluation, and has no current intention to implement an early deadline for appeals on the 2017 list.

### **Compensation Arrangements for the Budget 2017 Rates Relief Schemes**

10. Billing and major precepting authorities will continue to be compensated for the loss of income they incur through the Locally Administered Discretionary Relief Scheme under s31 of the Local Government Act. Compensation payments under the scheme for 2017/18 were made on a quarterly basis based on allocations and a reconciliation exercise will be carried out based on the 2017/18 NNDR3 returns.

11. However, from 2018/19 to the close of the scheme, compensation will follow the usual NNDR process and payments will be made and included as part of the usual monthly instalments (based on estimates in NNDR1 returns). Payments for the pubs relief and supporting small business scheme are also being processed through the normal NNDR process.

---

<sup>1</sup> For completeness the new section 43(8C) does contain rules for the hierarchy of reliefs if a telecom network were to be eligible for another relief. Similarly, we have provided for relief on unoccupied telecom networks in section 45 of the 1988 Act although in practice unused fibre is not rateable.