



Department for
Communities and
Local Government

Non-Domestic Rates Branch
LGF – BRV
Zone 5/D2
Eland House
Bressenden Place
London SW1E 5DU

27 January 2014

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 (01/2014):

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

<https://www.gov.uk/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:

- **The Non-Domestic Rating (Small Business Rate Relief) (England) (Amendment) Order 2014 No. 43**
- **Shale Gas**
- **Consultation – Business Rates Appeal**
- **Payment of Business Rates Bills by 12 monthly instalments**

The Non-Domestic Rating (Small Business Rate Relief) (England) (Amendment) Order 2014 No. 43

1. As mentioned in Business Rates Information Letter 09/2013, the Chancellor announced in his Autumn Statement:

- a further one year extension of the temporary increase in Small Business Rate Relief (so that the increased level of relief will apply throughout the whole of the 2014-15 billing year); and
- a permanent measure under which, to remove a disincentive to growth, ratepayers would continue to receive their existing Small Business Rate Relief for 12 months where they occupy additional property which would usually disqualify them from receiving relief.

The above Order which makes those changes was laid in Parliament on 20 January and will come into force on 14 February.

2. The statutory instrument can be found at the following link:

<http://www.legislation.gov.uk/ukxi/2014/43/contents/made>

Shale Gas

3 Business Rates retention was introduced in April 2013 to deliver a direct fiscal incentive for local authorities in England to promote local economic growth. It enables local authorities to benefit from growth in the local economy, through increases in business rates revenue. On 13 January, the Prime Minister announced that local councils will now be able to keep 100 per cent of the business rates they collect from shale gas sites.

4. This commitment could be worth up to £1.7m a year for a typical site. It will be directly funded by central government. The Department will determine the division of the 100 per cent business rates amongst authorities and bring forward draft regulations this spring to ensure they are in place by 1 April 2015. The 100 per cent rate retention will be financed by central government. We will work with the shale gas industry and other interested parties to develop a definition of shale gas production as we draft the regulations.

5. See the attached link for further information:

<https://www.gov.uk/government/news/local-councils-to-receive-millions-in-business-rates-from-shale-gas-developments>

Consultation - Business Rates Appeal Process

6. Local authorities are reminded that the Government is consulting on reforms to the business rates appeal process. The proposals in the consultation paper will improve transparency in the valuation process to give improved confidence in rateable values, bring business rates into line with other systems by requiring ratepayers to provide with their challenge an explanation of why they think the rateable value is wrong, separate the

"proposal" stage in the Valuation Office Agency from the "appeal" stage in the Valuation Tribunal.

7. We believe these proposals will allow well founded challenges to be resolved faster bringing greater financial certainty for local government.

8. The deadline for responses is **3 March 2014**. Please see link below to Appeals consultation document.

<https://www.gov.uk/government/consultations/checking-and-challenging-your-rateable-value>

Payment of Business Rates Bills by 12 monthly instalments

9. The Autumn Statement confirmed the Government's intention to give business rate payers the option of spreading business rate bills over 12 months. This will be introduced from April 2014. The Department is preparing the necessary secondary regulations to give effect to this commitment. A future Business Rate Information Letter will provide more information shortly.

10. The Department knows that some authorities are already alerting businesses to this measure to enable them to make requests ahead of the 2014-15 financial year. This is a sensible step and the Department encourages all authorities to consider taking similar action to ensure that businesses in their area are aware of the forthcoming changes.