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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 (6/2012): 2012-13 Business Rates  
Deferral Scheme**

This is the sixth 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:**

- **2012-13 Business Rates Deferral Scheme and;**
- **a round-up of new measures**

**2012-13 BUSINESS RATES DEFERRAL SCHEME**

1. The Non-Domestic Rating and Business Rate Supplements (Deferred Payments) (England) Regulations 2012/994 have been laid in Parliament and can be found at the following link: <http://www.legislation.gov.uk/>
2. The Government is giving businesses the option of spreading the Retail Price Index increase in business rates bills over three years. Businesses will be able to defer payment of 3.2% of their 2012-13 rates bills until 2013-14 and 2014-15. This will give businesses flexibility to manage their rates bills in the current economic climate, help their cashflow, and give them time to adjust to the impact of inflation.
3. The legislation stipulates that provided ratepayers return the application by 9 June, they will see the reduction in their July instalments. This allows sufficient time for authorities to update their software and prepare for the scheme.

4. Authorities will already have developed expertise in dealing with deferral as a result of the previous scheme and should draw on their previous experience.
5. Local authorities will no doubt wish to take every opportunity to promote this scheme to ratepayers.

## **ROUND-UP OF NEW MEASURES**

### **Local Discounts**

6. Clause 69 of the Localism Act amended section 47 of the Local Government Finance Act 1988 to allow local billing authorities to fund their own local discounts.
7. Starting from 1 April, authorities are now able to grant business rates discounts entirely as they see fit within the limits of the primary legislation and European rules on state aid. These new powers can be used to encourage new business and investment, as well as to support local shops or community services.
8. Although the power to grant local discounts rests with billing authorities, we would expect billing authorities to work closely with county councils on the use of the power.
9. Authorities should note that if the relief is not granted for a fixed period the usual notice period for ending discretionary relief will apply.
10. Further details can be found in Business Rates Information Letter 6/2011:

<http://www.communities.gov.uk/publications/localgovernment/bril62011>

### **Small Business Rate Relief**

11. The Government has now doubled Small Business Rate Relief for two and a half years which will include the whole of the 2012-13 billing year. The Government has also made it easier for authorities to get the relief to ratepayers by removing the legal requirement, from 1 April, for ratepayers to submit an application form.
12. Further details can be found in Business Rates Information Letter 9/2011:

<http://www.communities.gov.uk/publications/localgovernment/bril92011>

### **Cancellation of certain business rates liabilities**

13. The Government 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 in the 2005 Rating List. The necessary regulations have now been laid and will apply to all eligible businesses across England faced with a similar backdated rates liability, not just businesses within ports. Authorities can now therefore cancel those liabilities for eligible businesses.

14. Further details can be found in Business Rates Information Letter 4/2012:

<http://www.communities.gov.uk/publications/localgovernment/bril42012>

### **Enterprise Zones**

15. The business rates discount for businesses in enterprise zones comes into operation on 1 April. The discount provides up to 100% relief for five years up to state aid de minimis. Authorities should now be providing the discounts using the new local discounts powers. Central Government is meeting the costs of the discount.

16. Further details can be found in Business Rates Information Letter 5/2012:

<http://www.communities.gov.uk/publications/localgovernment/bril52012>