



Department for  
Communities and  
Local Government

**Department for Communities and Local  
Government**

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[www.gov.uk/dclg](http://www.gov.uk/dclg)

Our Ref: [REDACTED]  
Your Ref:

Date: 4 January 2017

Dear [REDACTED],

Thank you for your letter to the Secretary of State, the Rt Hon Sajid Javid MP, about the 2017 business rates revaluation and transitional relief scheme.

I can assure you that the Government are committed to backing small and medium size enterprises and have taken a number of steps to provide help through the business rates system. As you are aware, the next business rates revaluation which takes effect from 1 April 2017 will update rateable values to reflect the market as at 1 April 2015. This will ensure business rate bills more closely reflect the property market. Nearly three quarters of businesses will see no change or a fall in their bills next year thanks to the business rates revaluation with 600,000 businesses set to pay no business rates at all.

For those facing increases the Government are providing the same transitional relief to small and medium businesses as was provided at the previous revaluation in 2010. No small property will see more than a 5% increase next year before inflation due to the revaluation benefiting 500,000 small businesses. It is only the largest of businesses – those with a rateable value over £100,000 – who will face higher caps on increases as they are generally best placed to manage the impact of the revaluation. At the Autumn Statement the Chancellor announced that the Government has managed to find additional support for larger businesses than originally offered at consultation. And properties in London will benefit from transitional relief worth over £1 billion over the life of the scheme.

It should also be remembered that at the 2016 Budget, the Government announced business rates reductions for half of all properties starting from April 2017. They are permanently doubling the level of Small Business Rate Relief and increasing the thresholds to benefit a greater number of property occupiers. Eligible properties with a rateable value of £12,000 and below will receive 100% relief. This means that 600,000 small businesses will pay no business rates at all. Eligible businesses with a property with a rateable value between £12,000 and £15,000 will receive tapered relief. The threshold for paying the higher business rates multiplier will also increase to a rateable value of £51,000, taking 250,000 smaller properties, out of the higher rate.

All businesses will also benefit from the switching of the annual indexation of business rates from RPI to the main measure of inflation, currently CPI, from April 2020. This represents a rate cut every year from 2020 worth £370 million in 2020-21. The benefit will grow significantly thereafter.

This is a substantial package of business rates support and the Government shall continue to keep business rates under review as we go forward.

Yours sincerely,

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