



Ministry of Housing,
Communities &
Local Government

Non-Domestic Rates Team
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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 (5/2018): General Information

This is the fifth 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:

- **Retail Discount Guidance**
- **Consultation on the Business Rates Treatment of self-catering accommodation**

- **Rating (Properties in Commons Occupation) and Council Tax (Empty Dwellings) Act 2018**
- **The Non-Domestic Rating (Nursery Ground) Act 2018**
- **Pubs Relief**
- **Rural Rate Relief**

Retail Discount Guidance

1. At Autumn Budget 2018, the Government announced that eligible retailers with a rateable value below £51,000 will receive a one third discount on their business rates bills. This scheme will run in 2019/20 and 2020/21, and adopts the same definition of retail following the previous retail relief scheme in 2014/15 and 2015/16.

2. MHCLG has now published guidance on the operation of this scheme. This can be found at: <https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>.

3. Government is conducting a New Burdens assessment on the delivery of this scheme and will detail funding that will be paid to local authorities in due course. Local authorities should continue their preparations with this in mind to ensure application of the Retail Discount as part of the normal 2019/20 billing cycle.

Consultation on the Business Rates Treatment of self-catering accommodation

4. The Government published the 'business rates treatment of self-catering accommodation' consultation on 7 November 2018, in light of concerns raised that a business rates 'loophole' could be costing English councils millions in lost Council Tax. Currently, second-home owners pay Council Tax on their properties including when the property is available to rent infrequently during the year. Properties are valued for business rates when owners declare their property is available to let as 'holiday accommodation' for 140 days or more in a year.

5. Any property registered for business rates, rather than Council Tax, is likely to qualify for small business rate relief. This provides 100% relief from business rates, so no tax is due on properties with a rateable value of £12,000 or less. The consultation seeks views on whether the current criteria should be strengthened to ensure second home owners are contributing to the local economy through the proper payment of Council Tax, or, for those genuinely renting out their property and supporting tourism, business rates.

6. The consultation paper is available on the gov.uk website at: <https://www.gov.uk/government/consultations/business-rates-treatment-of-self-catering-accommodation>. - it will run until **16 January 2019**.

Rating (Properties in Commons Occupation) and Council Tax (Empty Dwellings) Act 2018

7. The Rating (Properties in Commons Occupation) and Council Tax (Empty Dwellings) Act received Royal Assent on 1 November 2018. The Act can be found at: <http://www.legislation.gov.uk/ukpga/2018/25/contents/enacted>. MHCLG has now brought forward the necessary regulations to implement the business rates measures included in the Act. The regulations can be found at: <http://www.legislation.gov.uk/uksi/2018/1193/contents/made>

8. Any ratepayer who believes they are affected by this legislation may now contact the Valuation Office Agency (VOA) to reassess their valuation, backdated to 2010 where appropriate.

The Non-Domestic Rating (Nursery Ground) Act 2018

9 The Non-Domestic Rating (Nursery Ground) Act 2018 received Royal Assent on 1 November 2018. The Act can be found at: <http://www.legislation.gov.uk/ukpga/2018/26/contents/enacted>. MHCLG has now brought forward the necessary regulations to implement the measures included in the Act. The regulations can be found at: <http://www.legislation.gov.uk/uksi/2018/1193/contents/made>.

10. Any ratepayer who believes they are affected by this legislation may now contact the Valuation Office Agency (VOA) to reassess their valuation, backdated to 2010 where appropriate.

Pubs Relief

11. At Spring Budget 2017, the Government announced a scheme for 2017/18, providing an up to £1,000 discount for eligible pubs with a rateable value below £100,000. This scheme was extended to 2018/19 at Autumn Budget 2017. This scheme has not been extended further and will therefore no longer apply after the 2018/19 financial year.

Rural Rate Relief

12. The 2016 Autumn Statement confirmed the doubling of rural rate relief from 50% to 100% from 1st April 2017. Local authorities are expected to continue to use their local discount powers to grant 100% rural rate relief to eligible ratepayers.

13. Local authorities will be compensated in full for their loss of income as a result of this measure. This compensation will be paid by section 31 grant and calculated on the basis of individual council NNDR returns under the rates retention scheme.