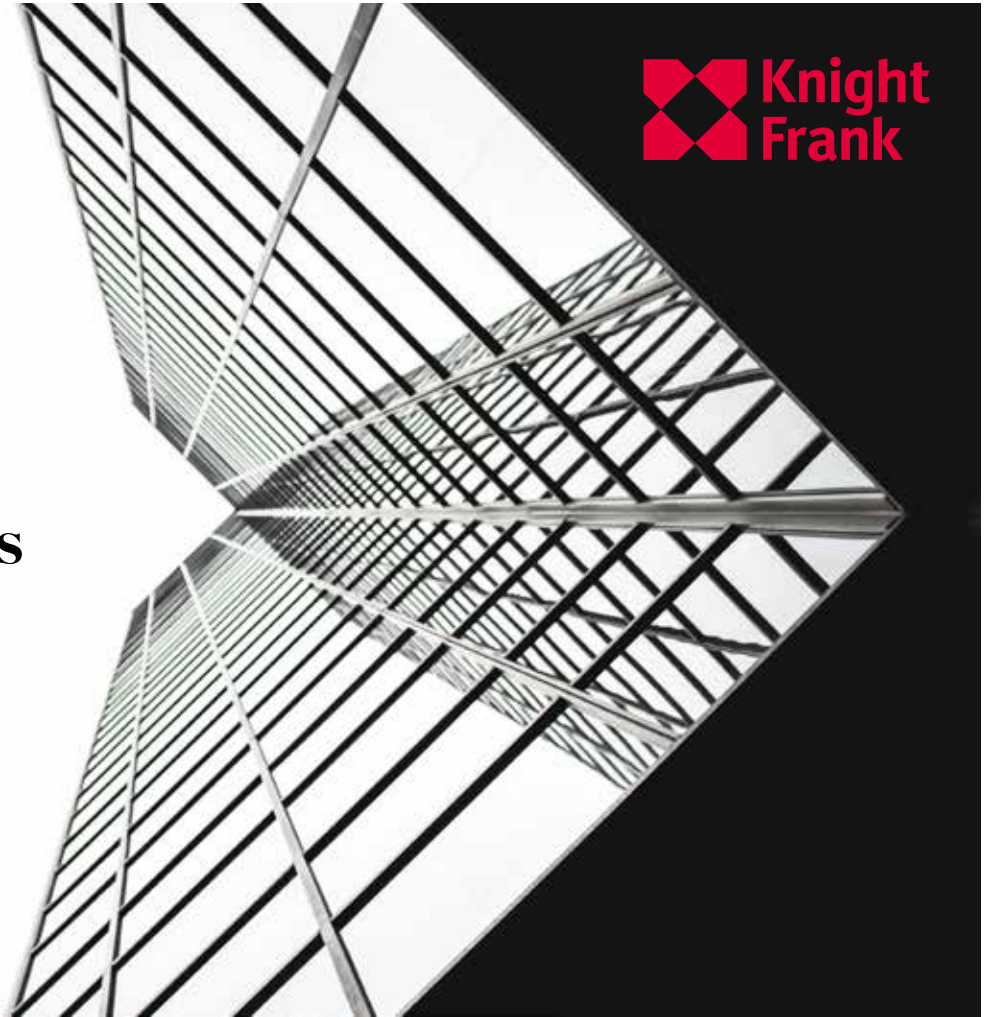




# **Business Rates, Facts and Figures**

*Guide 2020 – 2021*





# Welcome

Welcome to the Knight Frank comprehensive rates liability guide. The aim of this document is to provide ratepayers with a detailed breakdown of all the relevant facts and figures needed to accurately calculate their rate charges based on the 2017 Rating List.

The 2017 Rating List came into force on the 1st April 2017 and this heralded significant changes to Business Rates. The most notable change to rating in England is the introduction of Check, Challenge and Appeal (CCA). This is a new 3 step process to allow ratepayers to challenge and appeal their rateable value. Further details can be found on the Valuation Office Agency website.

Although the overall amount collected through Business Rates remains largely the same after a revaluation, the rates charged on individual businesses will vary significantly depending on changes to their Rateable Value (RV). It is important to understand that a RV is the Valuation Office Agency's estimate of the annual rental value of the property as at a statutorily fixed valuation date. This date is always fixed two years before the list commences and the 2017 valuation list antecedent date is 1st April 2015. The last time properties were revalued was April 2008 and it is the change in the property market over these seven years which has caused the significant changes in rateable values and Business Rates payments.

The next 'Valuation List' for England and Wales was scheduled to come into force on the 1st April 2021, however, due to the outbreak of Covid-19, the English and Welsh Government have postponed the 'Next Revaluation' to 1st April 2023, with an antecedent date of 1st April 2021, this will enable the impact of Covid-19 to be considered when all assessment's are 'Revalued'.

The Scottish Government have announced that the next Revaluation which was programmed in for April 2022, will now be delayed until April 2023 and will be based on a "tone date" of April 2022, one year prior to the Revaluation itself (rather than the normal two years).

## USING THIS GUIDE

In order to fully benefit from this guide, ratepayers will need to know their current RV. This can be found on any rate demand or on the Valuation Office Agency (VOA) website ([www.voa.gov.uk](http://www.voa.gov.uk)). By applying the relevant adjusted Uniform Business Rate (UBR) multiplier to the respective RV, the initial liability can be established.

Ratepayers can then use the information contained in this guide to check if they have entitlement to any reliefs or exemptions. Once these are applied, the chargeable amount will be calculated for the year. In certain cases, the above calculations may result in a different amount from that demanded, this would mainly occur when the property is subject to the transitional relief provisions. If this is the case, then the phasing limits on changes in liability can be found in this guide for England, Scotland and Wales.

## FURTHER INFORMATION

Business Rates are subject to regular legislative review. This guide is limited to the information currently available. This edition was published in Q3 (2020-2021 rating year). In order to ensure ratepayers are kept up to date, we would recommend subscribing to updates of this guide by using our website [knightfranking.com](http://knightfranking.com) or contact our Business Rates team.

## 2020-2021 – SPECIAL PROVISIONS – COVID-19 CORONAVIRUS

In March 2020, the English Government and the devolved Parliaments in both Scotland and Wales, introduced several measures to assist businesses in dealing with and mitigating the economic uncertainty caused by the global outbreak of Covid-19. Guidance is laid out further on in this booklet.

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# Key Points 2020 – 21

## ENGLAND

- 2020-2021 Multiplier increased by CPI, however capped at 1.6%,
  - Small Multiplier; 0.499p.
  - Standard Multiplier; 0.512p.
- City of London Supplement increased from 0.006p to 0.008p.
- 2021 Revaluation Postponed until further notice as result of the Covid-19 outbreak.
- Due to the Covid-19 outbreak, the Retail Discount Scheme increased from one third to 100% off the 'Net Business Rate Charge' relevant for the 2020-2021 rate year, for all occupied eligible Retail Premises. This has been extended to also include all occupied Leisure and Hospitality properties. Properties that have closed temporarily due to the government's coronavirus advice will be treated as occupied.
- A two-tier Grant system (£10,000 & £25,000) introduced to assist with the economic uncertainty caused by Covid-19.
- Due to Covid-19, a 100% exemption will be applicable for all non-local authority provided childcare for the 2020-21 rate year.
- The £1,500 discount for Office Space occupied by Local Newspapers has been extended and will apply for a further 5 years until 31st March 2025.
- Introduction of a new 'Pub Discount' for the 2020-2021 rate year, £1,000 to all eligible pubs with a rateable value of less than 100,000.
- Draft revised and updated text for explanatory notes provided with demand notices issued.
- Due to the COVID-19 outbreak a reduction of 1.6% will be applicable to all of the 'Rates' noted above, this effectively freezes the 'Multiplier' at the 2019-20 Rate.
- A two-tier Grant system (£10,000 & £25,000) introduced to assist with the economic uncertainty caused by Covid-19.
- Small Business Bonus Scheme restricted to 'Occupied Properties' only with effect from 1st April 2020.
- Enterprise Area Relief extended until 31st March 2022.
- Introduction of 100% relief on 'Reverse Vending Machines'.
- Period of Occupation required to trigger a new period of Unoccupied Exemption extended from 42 Days (6 weeks) to 6 months.
- Consultation on the introduction of a 'Three Stage' penalty process for ratepayers who fail to return information requested by the Assessor, in connection with their preparation for the next Revaluation in April 2023.
- 2022 Revaluation delayed until April 2023, with 'Tone Date' set as 1st April 2022.

## WALES

- Multiplier increased by CPI 1.8% - Multiplier 0.535p.
- Due to the Covid-19 outbreak, all occupied Retail, Leisure and Hospitality will receive a 100% exemption from rates payable for the 2020-2021 year. Properties that have closed temporarily due to the government's coronavirus advice will be treated as occupied.
- A two-tier Grant system (£10,000 & £25,000) introduced to assist with the economic uncertainty caused by Covid-19.
- 2021 Revaluation Postponed to 1st April 2023, 'Antecedent Date' set as 1st April 2021.

## SCOTLAND

- 'New 3 tier 'Multiplier' introduced 2020-21 Rates;
  - 1. Basic Property Rate 0.498p - RV <51,000
  - 2. Intermediate Property Rate - 0.511p - RV -51,001 - RV 95,000
  - 3. Higher Property Rate - 0.524p - RV 95,000

# England.

*2020 – 2021*







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## MULTIPLIERS

England Rate Year	Small* RV <51,000	Standard	Greater London Incl BRS*** RV 70,000>
2017/18	0.466p	0.479p	0.499p
2018/19	0.480p	0.493p	0.513p
2019/20	0.491p	0.504p	0.524p
2020/21	0.499p	0.512p	0.532p
2021/22**	0.507p	0.520p	0.540p
2022/23**	0.515p	0.528p	0.548p

\* Since April 2012, Authorities automatically apply the small UBR to any hereditament below the threshold. However, where the property is empty or the ratepayer does not qualify for SBRR then they will not be entitled to the small UBR.

\*\*Estimate based on predicted Sept 2020 CPI.

### City of London Supplement

Hereditaments located within the City of London will have an additional Supplement of 0.008p added to the Multipliers noted in the above table when their Business Rates are calculated.

### Business Rates Supplement (BRS) \*\*\*

County Councils, Unitary District Councils and the Greater London Authority are entitled to levy a Business Rates Supplement (BRS) to fund additional projects that improve the economic development of their area. The ability to charge this additional levy was introduced on the 1st April 2010 and is subject to a maximum levy of 0.02p in every pound. To date, the only active scheme is in London to fund 'Crossrail', where a 2p levy on the UBR is charged to all businesses with assessments over RV 70,000.



## TRANSITIONAL RELIEF SCHEME

The Transitional Relief Scheme phases in liabilities following a revaluation in order to ensure that ratepayers are not faced with significant changes at the start of the new rating list. The scheme works by taking the preceding year's rate liability (excluding any exemptions, reliefs or supplements including BRS), adjusting for the RPI Sept/Sept and applying the appropriate cap set out below.

The below table outlines the different 'Levels' and 'Rates' of Transition applicable across the '2017 Valuation List.'

## SUPPORTING SMALL BUSINESS

The Transitional Relief Scheme does not provide support in respect of changes in reliefs. Therefore, those ratepayers who are losing some or all of their small business or rural rate relief may be facing very large percentage increases in bills. From the 1st April 2017, Central Government have introduced additional support for any small business that has a significant increase in their Rateable Value.

To help these ratepayers, the supporting small businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- A cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers currently paying nothing, or very small amounts are brought into paying something, or
- The matching cap on increases for small properties in the transitional relief scheme as noted in the table below.

Rate Year	Caps on Increases			Caps on Decreases		
	Small <RV 20,000*	Medium >RV 20,001** <RV 99,999	Large >RV 100,000	Small <RV 20,000*	Medium >RV 20,001** <RV 99,999	Large >RV 100,000
2017/18	5.00%	12.50%	42.00%	20.00%	10.00%	4.10%
2018/19	7.50%	17.50%	32.00%	30.00%	15.00%	4.60%
2019/20	10.00%	20.00%	49.00%	35.00%	20.00%	5.90%
2020/21	15.00%	25.00%	16.00%	55.00%	25.00%	5.80%
2021/22	15.00%	25.00%	6.00%	55.00%	25.00%	4.80%

\*RV 28,000 in London

\*\* RV 28,001 in London

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## COVID-19 SPECIAL MEASURES

### Extended Retail Discount – (1st April 2020 – 31st March 2021)

With effect from 1st April 2020, for a period of 12 months, 100% relief will be applicable to the following eligible occupied properties that are accessible to visiting members of the public are wholly or mainly being used as;

- Shops, Restaurants, Cafes, Drinking Establishments, Cinemas and Live Music Venues,
- For Assembly and Leisure;
- As Hotels, Guest & Boarding Premises and Self-Catering Accommodation.

For further guidance on the government intention on how this discount will be administered, please see: <https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>. Hereditaments which have closed temporarily due to the government's advice on Covid-19 are to be treated as occupied for the purposes of this relief. State Aid - The Government's assessment is that, given the impact of Covid-19 in the sectors receiving the relief, the business rates expanded retail, leisure and hospitality discount 2020-21 is not subject to state aid 'De-Minimis' rules.

### Supporting Small Businesses - Grants

#### Scheme 1 – Small Business Grants Fund (SBGF)

Properties that were in receipt of Rural Rate Relief or Small Business Rates Relief on 11th March, including those in receipt of tapered relief, will be eligible for a grant payment of £10,000, subject to meeting certain eligibility criteria.

#### Only one grant is payable for each company that meets the above criteria.

Properties whose liability is calculated using the small business multiplier but not in receipt of small business rates relief will not qualify for this grant and neither will properties which are occupied for personal use, e.g. private stables, beach huts and moorings even if they are in receipt of relief.

#### Scheme 2 – Retail, Hospitality and Leisure Grants Fund (RHLG)

Hereditaments which on 11th March 2020 had an RV of less than 51,000 and would have been eligible for Expanded Retail Discount Scheme had that scheme been in force on that date are subject to certain qualifying criteria be eligible for this grant. The Government has announced that there will be two levels of Grant available:

- RV <15,000 - £10,000
- RV 15,001 – 50,999 - £25,000

For both schemes, any changes to the rating list (rateable value or to the hereditament) after the 11th March 2020 including changes which have been backdated to this date should be ignored for the purposes of eligibility, however in cases where it was factually clear to the Local Authority on the 11th March 2020 that the rating list was inaccurate, Local Authorities may withhold the grant and/or award the grant based on their view of who would have been entitled to the grant had the list been accurate.

**A grant is payable for each Eligible Hereditament/Property that meets the above criteria, however, please note that only one grant from either Scheme 1 or Scheme 2 will be payable per eligible hereditament.**

Central Government have indicated that both 'Grant Schemes' will close with effect from 28th August 2020.

Central Government have provided additional funding for Billing Authorities to award 'Discretionary Grants' to 'Small and Micro Businesses who do not meet the eligibility criteria for the SBGF or RHLG but will have been adversely affected by Covid-19, this may also include Businesses who occupy a property but do not have a rates liability such as 'Shared offices and Flexible Working Space, Market Traders with fixed Building Costs, Bed and Breakfasts where Council Tax is charged and Charity Properties in receipt of Charitable Relief' which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief. The awarding of these grants is at the discretion of each individual Billing Authority.

State Aid - The SBGF, RHLG and 'Discretionary Grants' are subject to State Aid under the Temporary Framework to support the economy in the context of the Covid-19 outbreak, adopted by the EU Commission on the 19th March 2020, the limit any organisation can receive in support classified as State Aid has increased to €800,000.



## SMALL BUSINESS RATES RELIEF (SBRR) & RETAIL RELIEF (1ST APRIL 2019 - 31ST MARCH 2020):

Rateable Values (RV)	Relief
Up to 12,000	100% relief on main Hereditament*
12,001 to 15,000	Currently tapered at 1% for every £30,000, but occupied qualifying retail premises** will be given an additional one third off the "Net" Business Rates Charge for the period 1st April 2019 - 31st March 2020 - Subject to 'De-Minimis State Aid'.
15,001 to 51,000	Currently no relief. Will have liability automatically calculated using the small UBR unless excluded. - Excluded properties include empty properties and ratepayers who are in receipt of Mandatory Relief. For the period 1st April 2019 -31st March 2020 a reduction of a third will be applicable on rates payable on occupied qualifying retail premises subject to 'De-Minimis State Aid'.**

\* Small Business Rates Relief is still applicable if a ratepayer occupies more than one property providing that all of other the properties except the one in receipt of the relief have a RV <2,900 and combined, these properties do not exceed RV <20,000 (RV <28,000 in London).

\*\* Includes but not limited to Shops (including, Car Hire, Car/Caravan Showrooms, Second Hand Car Lots, Markets, Petrol Stations, Garden Centres and Galleries (Where Art is Sold or Hired) Funeral Directors, Restaurants (including Takeaways, Sandwich Shops, Coffee Shops and Public Houses).

With effect from 14th February 2015, any ratepayer receiving SBRR that takes on an additional hereditament, which would disqualify them from receiving the relief, will continue to receive the existing relief for 12 months from the start date of liability on the additional hereditament.

## EMPTY PROPERTIES

Since 1st April 2011, the threshold at which empty properties become liable to pay rates dropped from RV 18,000 to RV 2,600. As part of the 2017 revaluation this figure has been updated to RV 2,899.

## EMPTY PROPERTY: RELIEF AND EXEMPTIONS

Empty Property	Relief and Exemptions
Commercial	3 Months Exemption*
Industrial	6 Months Exemption*
Listed Building	Exempt
Vacant Land	Exempt
Ratepayer is a Charity	Exempt **
Ratepayer is an Amateur Sports Club	Exempt **
RV 2,900<	Exempt
Ratepayer in Administration or Receivership	Exempt

\* Exemption applies when a property is newly assessed for rates or when it is vacated provided a period of "rateable occupation" exceeding 42 days has occurred.

\*\* Exemption applies where Local Authority are of the view that the property will next be occupied by a Charity.

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## **PARTIALLY EMPTY PROPERTIES**

When a property is partially vacant for a short period, the ratepayer can apply to the Billing Authority for relief under Section 44A of the Local Government Finance Act 1988. The relief will apply to the vacant part in accordance with the previously noted 'Empty Property; Relief and Exemptions' table. Granting of this relief is discretionary and the final decision rests with the Billing Authority.

There are no provisions within Section 44A of the Local Government Finance Act 1988, to appeal any decision made by the Billing Authority, the only legal route to have the decision reviewed is by way of 'Judicial Review'. However, it is good practice for all Billing Authorities to have an internal appeals procedure to reconsider any decision made at the request of the 'Ratepayer'.

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## **NURSERY DISCOUNT**

With effect from 1st April 2020 for a period of 12 months, the Government have announced that hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which are subject to business rates in the year 2020/21, will receive 100% relief.

State Aid - The Government's assessment is that, given the impact of Covid-19 in the sectors receiving the relief, the business rates expanded retail, leisure and hospitality discount 2020-21 is not a state aid.

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## **PUBLIC HOUSE RELIEF\***

For the 2020-2021 Rating Year, eligible pubs with Rateable Value of less than 100,000 will receive an additional £5,000 discount from the rates payable. The relief is in addition to the Retail Relief Discount and will apply after any award of that discount.

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## **RURAL RATE RELIEF**

Since 1st April 2017, the percentage relief awarded under Rural Rate Relief has doubled from 50% to 100%. Rural Rate Relief is available to the following businesses in designated rural settlements:

- A small food shop, general store or post office with a rateable value of up to 8,500.
- The sole public house or petrol station with a rateable value of up to 12,500.

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## **DISCRETIONARY RELIEF AND LOCALISED DISCOUNT\***

Since 1st April 2012, the discretionary relief regulations were amended to allow Billing Authorities to remit any liability or grant rate relief to any ratepayer. For any application made, the Council must consider that any award or remittance of rates is in the interest of the local 'Council Tax Payer'. This is because the Billing Authority is required to fund 50% of this relief from their own budget, with Central Government funding the remainder.

From 1st April 2017 to 31st March 2021, Central Government have established a discretionary fund to support those businesses that face the steepest increases in their Business Rates bills as a result of the 2017 revaluation. £300m has been allocated and this will reduce across the life of the fund. Each Billing Authority will be expected to use their share of the funding to develop their own discretionary relief schemes to deliver targeted support to the most hard-pressed ratepayers.

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### **ENTERPRISE ZONES\***

Since 1st April 2012, Billing Authorities are able to grant up to 100% relief to businesses located in a designated Enterprise Zone.

In order to qualify, a business must already be located in the Zone or move in prior to 1st April 2018. The relief can also apply to empty properties and small businesses. The relief lasts for five years with a maximum grant of £275,000. In order to encourage Billing Authorities to grant this relief the Government has agreed to fund 100% of the cost.

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### **LOCAL NEWSPAPER DISCOUNT\***

Since 1st April 2017, for a period of two years, a discount of £1,500 will be available to office space occupied by Local Newspapers. This is restricted to one discount per Local Newspaper title and per hereditament. This was extended for an additional year and will be available through until 31st March 2020. A further extension of 5 Years has been announced and the relief will now apply through until 31st March 2025.

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### **SELF-CATERING AND HOLIDAY LET ACCOMMODATION**

In England, if your property is available to let for 140 days or more per year for short term lets, it will be treated as commercial rather than domestic and be rated as a self-catering property and valued for Business Rates instead of being valued and banded for Council Tax.

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### **STUD FARMS**

The stud farms Rateable Value discount has increased from 4,200 to 4,700. This is applied by the VOA at source.

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### **RIGHT TO INCREASE INSTALMENTS**

Since 1st April 2014, all ratepayers are entitled to pay their Business Rates over a 12-month instalment plan as opposed to the previous 10. To benefit in full, any application for this must be made in writing before 14th April in the relevant year. Once applied for, this must carry forward to all subsequent years' liability.

\*Relief is subject to State Aid – The 'De Minimis' Regulations allow an undertaking to receive up to €200,000 'de minimis' aid over a rolling three year period.

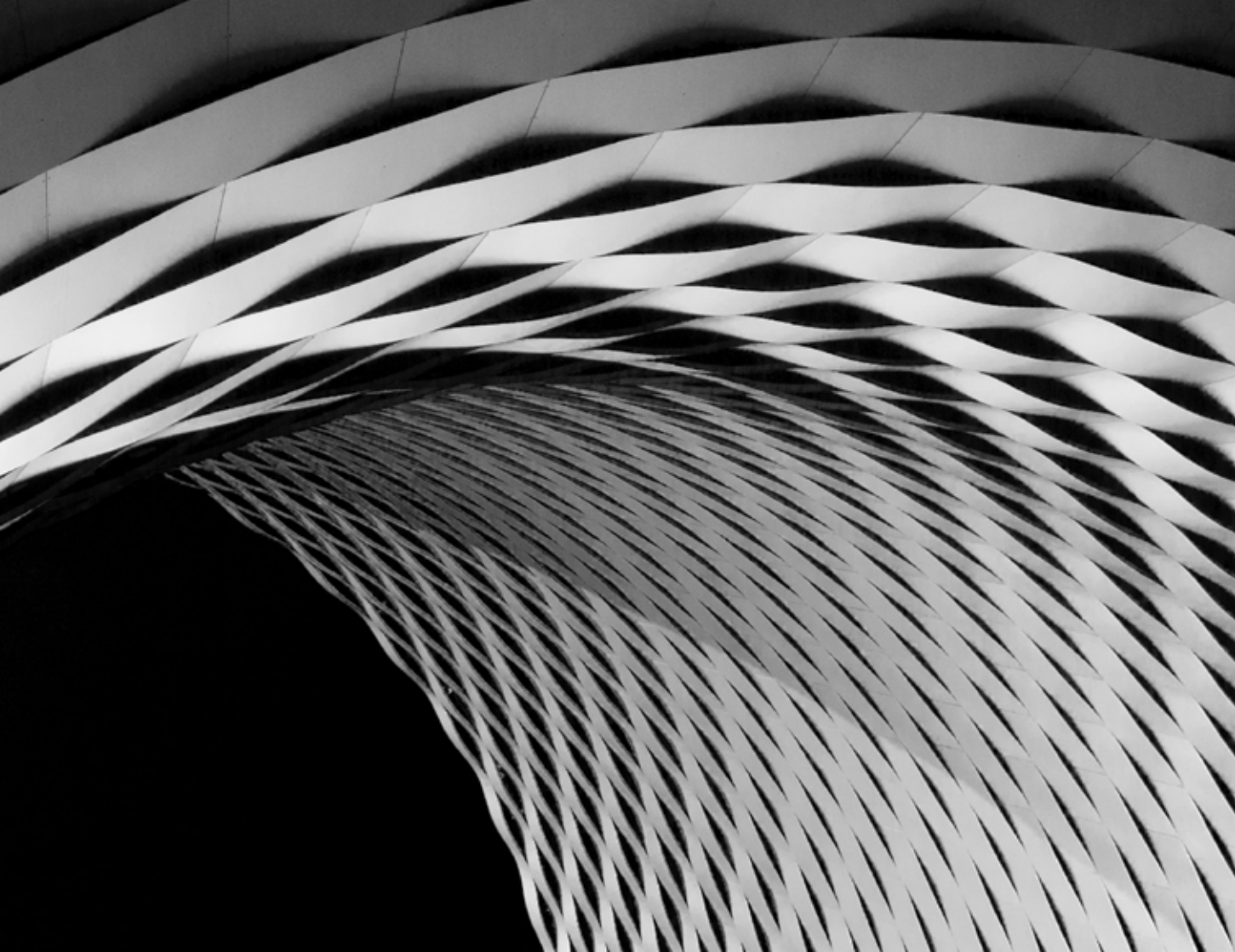


# Scotland.

*2020 – 2021*







**MULTIPLIERS**

Rate Year	<RV 51,000	>RV 51,001	
2017/18	0.466p	0.492p	
2018/19	0.480p	0.506p	
2019/20	0.490p	0.516p	
Rate Year	<RV 51,000	RV 51,000-95,000	RV - 95,000
2020/21	0.498p	0.511p	0.534p
2021/22*	0.506p	0.519p	0.532p
2022/23*	0.514p	0.527p	0.541p

\* Estimated figures based upon predicted CPI

In response to the financial uncertainty due to the COVID-19 outbreak a reduction of 1.6% will be applicable to all 3 levels of the 2020/21 'Multipliers'. This effectively freezes the 'Multiplier' at the 2019-20 Rate, however, due to the effect of any 'Transitional Arrangement', the charge will be calculated using the above 'Multipliers' and any 'Transition' will be factored in before the reduction of 1.6% is applied.

**TRANSITIONAL ARRANGEMENTS****Hotels and Public Houses – Additional Support**

A national relief scheme was introduced on 1st April 2018 for any Hotel, Public House, Café or Restaurant that had a significant increase in their liability due to the 2017 Revaluation. Any increase in the yearly chargeable amount will be capped at 12.5%. The relief has been extended to the end of the 2017 'Scottish Valuation Roll' – 31st March 2022.

**Office Space Aberdeen and Aberdeenshire – Additional Support**

A local relief scheme was introduced from 1st April 2018 for any "Office Space" in Aberdeen and Aberdeenshire that had a significant increase in their liability due to the 2017 Revaluation. Any increase in the yearly chargeable amount will be capped at 12.5%. The relief has been extended to the end of the 2017 'Scottish Valuation Roll' – 31st March 2022.

\* Both of the above transitional arrangements and relief are subject to "de-minimis State Aid" limits.

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### **SMALL BUSINESS BONUS SCHEME**

Businesses need to apply direct to the Billing Authority for relief under the Small Business Bonus Scheme.

Since 1st April 2017, the following relief is available if the Rateable Value of your property is 15,000 or less. Based on the total aggregate Rateable Value (RV) of all your business premises, the following reliefs are available:

- RV up to 15,000 - 100% relief (i.e. no rates payable).
- RV 15,001 to 18,000 - 25% relief.
- RV 18,001 to 35,000 - 25% relief on each property with a Rateable Value of 18,000 or less.

**With effect from 1st April 2020, the Small Business Bonus Scheme relief will only be available for properties that are actively occupied.**

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### **RURAL RATE RELIEF**

Since the 1st April 2017, 100% relief is available on your Business Rates if your property is in a designated rural area with a population below 3,000 and it is:

- A small food shop, general store or post office with a rateable value below 8,500
- A small hotel, public house or petrol filling station with a rateable value of up to 12,750
- Any other business providing a benefit to the community with a rateable value of up to 17,000

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### **DISABLED RELIEF**

Properties used for care, training or welfare of disabled persons may be eligible for up to 100% relief.

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### **DAY NURSERY RELIEF+**

As of April 2018, 100% relief from Business Rates is applied to all day nurseries. To get this relief your premises must only be used as a nursery school, or mainly as a nursery school. This relief is effective until 31st March 2021. An application form must be submitted to the relevant Billing Authority before relief can be considered.

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## COVID-19 SPECIAL MEASURES

### Retail, Hospitality and Leisure Relief – (1st April 2020 – 31st March 2021)

With effect from 1st April 2020, for a period of 12 months, 100% relief will be applicable to the following businesses:

- Retail
- Hospitality
- Leisure

For further guidance on the government intention on how this discount will be administered, please see;

<https://www.mygov.scot/non-domestic-rates-coronavirus/>

This relief will only be applicable to occupied properties. Properties that have closed temporarily due to the government's coronavirus advice will be treated as occupied.

There is no requirement for an application, councils have been advised to automatically apply the relief to the eligible properties.

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## AVIATION

### Airports and Airlines

Scottish airports will get 100% rates relief for the 2020-2021 rate year as will organisations providing handling services for scheduled passenger flights at Scottish airports.

This will help ensure that the aviation industry can work towards restoring the connectivity needed to support both Scotland's economy and Scotland's Highland and island communities once this crisis is over.

Due to the unique role that Loganair plays in providing connectivity in the Highlands and Islands, they will also get 100% rates relief for a year. No other airline will receive rate relief in Scotland.

### Eligible handling service providers

Any organisations providing a "handling service" at Scottish airports will also get 100% rates relief for the 2020-2021 rate year.

The regulation defines a "handling service" as doing one or more of:

- de-icing
- re-fueling
- moving aircraft
- waste servicing
- allocation of seating
- handling of baggage
- supervision of boarding

The Scottish Government consider the 'Provision of Handling Services' as vital for the operation of the airport.

State Aid - The Government's assessment is that, given the impact of Covid-19, the 'Relief' outlined above is not subject to state aid 'de-Minimus' rules.

## GRANTS

A one-off grant of £25,000 will be available to all Retail, Hospitality and Leisure Businesses with an RV between 18,000 and 51,000.

A one-off grant of £10,000 will be available to any small Business that is in receipt of either;

- Small Business Scheme Relief or
- Rural Relief

The Scottish Government have announced that the £10,000 grant has been extended to include properties in receipt of charitable and sports relief.

You may also be entitled to a £10,000 grant if you have applied for Nursery Relief or Disabled relief but meet the eligibility for the Small Business Bonus Scheme.

To apply for either grant, an application will need to be completed, it is advised that any RP consults their local Councils website for further information.

**The Scottish Government had originally announced that the above 'Grants' would be limited to one per business, however, on the 16th April 2020, it was announced that the cap on one Grant per business had been removed. Business will now be able to claim a Grant of £25,000 on their main property and a Grant equal to 75% on any 'Subsequent' property that they own.**

State Aid - Both 'Grants' outlined above are subject to State Aid. Under the Temporary Framework to support the economy in the context of the Covid-19 outbreak, adopted by the EU Commission on the 19th March 2020, the limit any organisation can receive in support classified as State Aid has increased temporarily to €800,000.

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## CHARITABLE RATE RELIEF

Charities and amateur community sports clubs can apply for mandatory relief of up to 80% if a property is used wholly or mainly for charitable purposes. They may also qualify for additional discretionary relief+ of up to 20%. This is sometimes provided by Billing Authorities to top up certain reliefs to give charities and not-for-profit organisations extra help and remit any charge raised. If you run a non-profit recreation or sport club you're not automatically entitled to relief, however the Billing Authority are able to grant discretionary relief of up to 100%.

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## ENTERPRISE AREAS RELIEF

Businesses setting up or relocating to an Enterprise Area site and doing work in certain sectors may qualify for this rates relief, which offers up to 100% relief up until March 2020.

With effect from 1st April 2020, Enterprise Area Relief is to be extended for a further 2 years through until 31st March 2022.

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## RENEWABLE ENERGY RELIEF SCHEME+

Since 1st April 2010, certain renewable technologies are eligible for rate relief of up to 100%. This relief is granted on a sliding scale based on the size of RV as shown on the table below. It is subject to 'de-minimus State Aid' rules. From 1st April 2016, this relief was limited to only schemes incorporating community ownership. If your scheme has arrangements in place that entitle one or more community organisations to at least 15% of the annual profit, or so much of the annual profit as is attributable to 1 megawatt of the total installed capacity of the project (or more). To be eligible your scheme has to produce heat or power from any of the following sources:

- Biomass
- Biofuels
- Fuel cells
- Photovoltaics
- Water (including waves and tides, but excluding production from the pumped storage of water)
- Wind
- Solar power
- Geothermal sources

The generation activity should take place at the eligible property itself.

RV Threshold	% Relief
Up to 145,000	100%
145,001 to 430,000	50%
430,001 to 860,000	25%
860,001 to 4,000,000	10%
Over 4,000,001	2.5%

If you have more than one business property, the RV's are combined.

Renewable energy will also benefit from the following:

- Cap rates bill increases at 12.5% for small hydro schemes
- 50% relief for district heating schemes
- 25% relief for Hydro schemes with total installed capacity of no more than one megawatt

New build properties may be eligible to receive relief for any new build renewable generation property that is built between 1st April 2016 and 31st March 2017. The property may be eligible to receive 10% rates relief if it has a RV up to 500,000 and 1.5% rates relief if above that figure.

Since 1st April 2018, Principal Regulations have been updated to allow relief of 60% for new builds solely used for generation of renewable heat or power (or both) from including waves and tides but excluding pumped storage of water.

This relief is only available if the RV value of the scheme is less than 5 million.

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## NEW FIBRE BROADBAND INFRASTRUCTURE

Any 'New Fibre Broadband Infrastructure' will be eligible for relief from 1 April 2019. This relief will be available for a period of 10 years.

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### **DISTRICT HEATING RELIEF**

50% relief can be awarded on your Business Rates if your premises are only being used for a district heating network, or mainly being used for a district heating network.

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### **EMPTY PROPERTIES**

From 1st April 2016, all empty properties can get 50% relief from Business Rates for the first 3 months they are empty, they can then get a 10% discount once that has ended. Empty industrial properties can get full relief from Business Rates for the first 6 months that they are empty. They can then get a 10% discount after that.

With effect from the 1st April 2020, the period of occupation required to trigger a new period of 'Empty Property Relief' will be extended from 6 weeks (42 days) to 6 Months.

Relief of 100% is continuously applicable in the following circumstances:

- Hereditament is a listed building
- Hereditament has a RV under 1,700
- Hereditament is owned by a trustee for sequestration, liquidation or executors
- The company who owns the hereditament has been wound up
- By Law, the hereditament cannot be occupied
- The hereditament is under a compulsory purchase order
- Assessment has no buildings (empty ground)



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### **FRESH START+**

New ratepayers who take occupation of a property after 1st April 2018, which has previously been vacant for at least 6 months, can apply for 100% relief for the following 12 months. The RV of the property must be under 65,000. From 1st April 2019 this relief is applicable to all types of Non-Domestic properties.

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### **LOCAL RELIEFS+**

Billing Authorities have the ability to grant local discretionary reliefs, however, there is no contribution towards these costs from Central Government. This contrasts with England where currently 25% - 50% is covered by Central Government.

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### **REVERSE VENDING MACHINE RELIEF**

With effect from 1st April 2020, 100% relief will be applicable to any site of a Reverse Vending Machine (RVM).

The site of RVMs will not add to the RV of a property if applying for the Small Business Bonus Scheme.

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### **BUSINESS GROWTH ACCELERATOR RELIEF**

You might be able to get Business Growth Accelerator relief if:

- Your premises are a new build property
- You must expand or make improvements to your property

The Government have announced that qualifying Ratepayers will be eligible for this relief for the 2019-20 rating year.

#### **New Build Properties**

- If your premises are a new build you won't have to pay Business Rates until 12 months after the building was completed.
- Business Rates also do not have to be paid on new builds until they are occupied. New tenants will then qualify for business growth accelerator relief for 12 months.

#### **Expanding or making improvements to your premises**

- If you must expand or make improvements to your property, the Business Rates you are charged won't change for 12 months.
- They will continue to be based on your old RV for this period.



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## EXEMPTION (EXEMPTED BUILDINGS)

Agricultural Land and Buildings including Fish Farms, Roads, Public Parks, Properties used as places of religious worship or Church Halls, properties used for the Training and / or Welfare of Disabled People and offshore properties are exempt. From 1st April 2017, all exemptions on deer forests and Estate shoots will be removed for the first time since 1995.

+ Relief is subject to State Aid - The De Minimis Regulations allow an undertaking to receive up to €200,000 'de minimis' aid over a rolling three-year period.

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## SELF-CATERING AND HOLIDAY LET ACCOMMODATION

In Scotland if your property is available to let for 140 days or more per year for short term lets, it will be treated as commercial rather than domestic and be rated as a self-catering property and valued for Business Rates instead of being valued and banded for Council Tax. Business Rates may be payable if you run a guesthouse or a more significant bed and breakfast for more than 6 people at any one time. Business Rates will be payable regardless of how many days your house or rooms are available to let.

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## 2023 REVALUATION – INFORMATION REQUIRED BY THE ASSESSOR – FINES FOR ‘NON-RETURN’

To assist in completing the 2023 revaluation, the Assessor is entitled to serve notice requesting information such as rents, turnovers and costs on the following;

- Any person who the Assessor thinks is a proprietor, tenant or occupier of the building that the Assessor is valuing (effectively all commercial buildings)
- Any other person who the Assessor thinks has the information which is reasonably required for their purpose.

From 1st April 2020, a financial penalty can be imposed for failure to comply with any request made by the assessor. The level of fines for non-return of information are set out in the table below. These fines are cumulative and onerous.

RV Threshold	Stage 1	Stage 2	Stage 3
Period from Information Notice being served	28 days	70 days	84 days
Penalty for non-return of Information Notice	Greater of £200 or 1% of RV	Greater of £1,000 or 20% of RV	Greater of £1,000 or 50% of RV
Penalty if property is not yet in the Valuation Roll	£1,000	£10,000	£50,000

# Wales.

*2020 – 2021*





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## MULTIPLIERS

Wales Rate Year	All Properties
2017/18	0.499p
2018/19	0.514p
2019/20	0.526p
2020/21	0.535p
2021/22*	0.544p
2022/23*	0.553p

\*Estimate based upon predicted Sept 2020 CPI

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## UNIFORM BUSINESS RATE

In Wales there is no separate UBR supplement for large properties.

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## TRANSITIONAL RELIEF

All businesses in receipt of Small Business Rate Relief (SBRR) on 31st March 2017 who are facing increases in Rateable Value as a result of the revaluation will have transitional relief applied. This relief will apply even if the business no longer qualifies for any SBRR from 1st April 2017. The increases in liability will be phased in over three years, 25%, 50% & 75% & respectively. Any increase for the 2019-20 Year will be phased in at 75%. No transition is applicable for the 2020-21 year.

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## COVID-19 SPECIAL MEASURE

### Retail, Leisure and Hospitality Relief – (1st April 2020 – 31st March 2021)

With effect from 1st April 2020, for a period of 12 months, 100% relief will be applied to all Occupied Retail, Leisure and Hospitality Businesses with and RV up to and including 500,000.

Hereditaments which have closed temporarily due to the government's advice on Covid-19 are to be treated as occupied for the purposes of this relief.

At the time of Writing the guidance on this relief, is the same as set out for properties located in England

State Aid - The Government's assessment is that, given the impact of Covid-19, the 'Relief' outlined above is not subject to state aid 'De Minimis' rules.

## GRANTS

To help Business/Ratepayers combat the economic impact of the Covid-19 outbreak, the Welsh Government have announced that 2 different grants will be available;

This means businesses that occupy properties such as shops, restaurants, cafes, drinking establishments, cinemas, live music venues, hotels, guest and boarding premises and self-catering accommodation.

**Grant 1:** A grant of £25,000 is being made available for retail, leisure and hospitality businesses occupying properties with a rateable value of between £12,001 and £51,000.

**Grant 2:** A £10,000 grant to all businesses eligible for small business rates relief (SBRR) in Wales with a rateable value of £12,000 or less.

**Please note that the multiple property restriction which applies to Small Business Rates Relief also applies to this grant. Therefore, the same ratepayer may only receive the grant for a maximum of two properties in each local authority area.**

**Please also note that only 'Type' of grant will be payable per eligible hereditament.**

With effect from 20th April 2020, a property used as 'Self Catering Accommodation' will not be eligible for either grant unless the following criteria is met:

- The self-catering accommodation can produce two years of trading accounts directly preceding the current financial year of the business.
- The self-catering accommodation must actually have been let for a period of 140 days or more in the financial year 2019-20.
- The self-catering accommodation business must be the primary source of income for the owner (minimum threshold is 50%).

State Aid - Both 'Grant's' outlined above will be subject State Aid. Under the Temporary Framework to support the economy in the context of the Covid-19 outbreak, adopted by the EU Commission on the 19th March 2020, the limit any organisation can receive in support classified as State Aid has increased temporarily to €800,000.

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## **SMALL BUSINESS RATES RELIEF**

A new permanent scheme came into force on 1 April 2018. The Welsh Government provides Non-Domestic rates relief to eligible small businesses.

- Eligible business premises with a RV of up to 6,000 will receive 100% relief; and
- Those with a RV between 6,001 and 12,000 will receive relief on a tapered basis from 100% to zero
- The following types of businesses will continue to get relief as follows:

### **Registered Childcare Premises**

- Eligible registered childcare premises with a RV of up to 6,000 receive 100% relief; and
- Those with a RV between 6,001 and 20,500 receive relief on a tapered basis from 100% to zero.

From the 1st April 2019, The Small Business Rates Scheme for "Childcare Providers" will be extended to provide 100% relief to all "Registered Childcare Providers" in Wales. This higher level of relief will be effective until 31st March 2022 - during this the Welsh Assembly will be evaluating the effectiveness of the relief.

### **Post Offices**

- Post offices with a RV up to 9,000 receive 100% relief
- Post offices with a RV between 9,001 and 12,000 receive 50% relief

### **Multiple Occupation Limit**

Where a ratepayer is liable for more than two properties on a single local Non-Domestic rating list ('local list'), and those properties meet only the RV conditions, the ratepayer will only receive relief for a maximum of two such properties.

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## **CHARITABLE RATE RELIEF+**

If your property is occupied by a registered charity or community amateur sports club, and used for charitable purposes, you automatically qualify for 80% mandatory rates relief. You may qualify for relief of up to 100% at the discretion of the Billing Authority if your property is occupied by a non-profit making body.

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## HARDSHIP RELIEF+

Billing Authorities can also grant hardship relief to businesses if they believe that it is in the interests of the local community to do so.

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## EMPTY PROPERTY: RELIEF AND EXEMPTIONS

Since 1st April 2011, the threshold at which empty properties become liable to pay rates dropped from 18,000 to 2,600. The remaining reliefs are the same as those in England and are set out below:

Commercial	3 Months Exemption*
Industrial	6 Months Exemption*
Listed Building	Exempt
Vacant Land	Exempt
Ratepayer is a Charity	Exempt **
Ratepayer is an Amateur Sports Club	Exempt **
RV £2,600<	Exempt
Ratepayer in Administration or Receivership	Exempt

\* Exemption applies when property is newly assessed for rates or when it is vacated provided a period of "rateable occupation" exceeding 42 days has occurred

\*\* Exemption applies where Local Authority are of the view that the property will next be occupied by a Charity.

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## ENTERPRISE ZONES BUSINESS RATES SCHEME+

The Enterprise Zones Business Rates Scheme was introduced as a means of providing small and medium sized enterprises (SMEs) in Enterprise Zones with support in paying their Business Rates bills. The scheme targets SMEs demonstrating business growth characteristics, that is, new starts or those increasing the size of their full-time workforce. It forms part of the wider set of actions aimed at delivering growth and sustainable jobs in each Enterprise Zone. The scheme is only available within specific time frames.

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## HYDROPOWER PROJECTS+

Grants are available to help eligible hydropower projects with their Business Rates. Hydropower projects extract energy from water courses to generate electricity. Hydropower projects with an RV of up to 50,000 can apply for support for 2017-18 and for 2018-19 (retrospectively).

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## SELF-CATERING PROPERTIES

In Wales, if your property is commercially available for short term self-catering lets, provided certain criteria are met, it will be rated and valued for Business Rates rather than be valued and banded for Council tax.

From 1 April 2010 in Wales, self-catering property is 'Non-Domestic' and therefore liable for 'Non-Domestic Rates', if:

- The property will be available for letting commercially as self-catering accommodation for short periods totaling 140 days or more in the following 12-month period
- The ratepayer's interest in the property enables them to let it for such periods
- In the 12 months prior to assessment it has been available for letting commercially as self-catering accommodation for short periods totaling 140 days or more
- The short periods it has actually been commercially let for amounted to at least 70 days during that period

From 1 April 2016 in Wales, the criteria above will continue to apply but there is also a new provision so that:

Businesses consisting of several self-catering properties at the same location or within very close proximity, have the option to average the number of letting days of the properties to meet the 70-day criterion where they are let by the same or connected businesses.

+ Relief is subject to State Aid - The De Minimis Regulations allow an undertaking to receive up to €200,000 'de minimis' aid over a rolling three-year period



# **Business Improvement District**







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## **BUSINESS IMPROVEMENT DISTRICT (BID LEVY) – ENGLAND, SCOTLAND AND WALES**

- A BID levy is an additional charge placed against each relevant property within a defined geographical area.
- The BID levy is designed to enhance the designated area that it covers, for the benefit of all businesses – this could include but not limited to; Additional Police, Improved Signage, Remedial Work to Improve the Area, Localised events.
- Must be voted in by resolution and a 'yes' vote must account for 50% of the ratepayers and those ratepayers must have 50% of the aggregate RV charge within the designated area.
- A BID levy is usual payable by the occupier of the property, in the cases of empty properties the owner will be liable.
- A BID Levy is usually for a period of 5 Years, however an annual liability is charged.
- If liability starts during a BID levy period, levy will start from that date. However, the ratepayer will have no right to vote until the next resolution
- The BID levy can be capped.
- The BID levy is based upon the RV of the property – this is usually a %.
- The BID Levy for the entire period of the BID can be based upon the RV on a set date (e.g. Period 1st April 2015 - 31st March 2020 could be based upon the RV on 1st April 2015 and any RV amendments would be ignored).
- An independent company administers the BID funds, however in most cases the collection and enforcement are conducted by the Billing Authority that the designated BID area falls within.
- Payment is compulsory and failure to pay can result in recovery action being taken in the same manner as for the non-payment of Business Rates.
- Exemptions and Discounts are discretionary and the offering of these are individual to each BID Company and scheme.
- BID schemes can place the charge against the “Legal” owner (both freehold and leasehold – subject to certain conditions) rather than the occupier of a relevant assessment, however, there are only a handful of owner BID schemes currently operating within the United Kingdom.

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## INFLATION

### Current & Forecast

All UBR and transitional arrangements are subject to adjustment by the rate of inflation. This is based on the Sept/Sept actual CPI. We have adopted the Government's Office of Budget Responsibility CPI Forecast. Please see table below

Rate Year	Estimated CPI
2017-18	2.00% Actual
2018-19	3.00% Actual
2019-20	2.40% Actual
2020-21	1.80% Actual
2021-22	1.60% Estimated
2022-23	1.60% Estimated

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## YOUR GLOBAL PROPERTY PARTNER

The four ingredients which set Knight Frank apart are our independence, our global network, and our commercial and residential platforms.

Through our US alliance with Newark Grubb Knight Frank we have grown to a group of over 19,000 property professionals, in more than 500 offices in 60 territories. Being a partnership allows us to put our clients first. We focus on giving them the best advice and putting long-term relationships before short-term wins. Trust and integrity are everything.

Working with private individuals, developers, investors, banks, corporate occupiers and public sector bodies, we provide a range of agency, investment and professional consultancy services, which are supported by our dedicated market research teams.

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Business Rates are subject to regular legislative review. This guide is limited to the information currently available as of 30th April 2020. This edition was published in Q1 2020-21. In order to ensure ratepayers are kept up to date, we recommend visiting our website [knightfrankrating.com](http://knightfrankrating.com) for updates or contact our business rates team to receive email updates or request further information: E: [ratepayment@knightfrank.co.uk](mailto:ratepayment@knightfrank.co.uk), T: +44 20 3897 0024

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