

BUSINESS RATES FACTS & FIGURES 2013/14





INTRODUCTION

Welcome to the Knight Frank comprehensive rate 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 2010 Rating List. This list will end on the 31st March 2017 following the enactment of legislative changes earlier this year.

Using this Guide

In order to use this guide, ratepayers will need to know their current Rateable Value (RV). This can be found on the rate demand or on the Valuation Office Agency (VOA) website at www.voa.gov.uk. By applying the relevant adjusted Uniform Business Rate multiplier to the respective RV the initial liability can be established.

Businesses should then use this guide to check if they are entitled to any reliefs or exemptions and apply these to arrive at the liability.

In certain cases the above calculations may result in a different amount from that demanded. This will mainly occur when the property is subject to the transitional relief provisions. This could only apply where businesses have already been subject to these provisions in the previous year. If this is the case, then the phasing limits on changes in liability can be found in this guide. Transitional relief only applies in England.

Further Information

Business Rates are subject to regular legislative changes and there are currently a number of draft proposals which are yet to be enacted. In such cases, this guide is limited to the information currently available. In order to ensure businesses are kept up to date we would recommend subscribing to updates of this guide by using our website knightfrank.co.uk/rating or contact our rating helpdesk on rating@knightfrank.co.uk or on +44 20 7861 1247.

ENGLAND 2013 FACTS & FIGURES

England - Uniform Business Rates					
Rate Year	England (excl. London)		Greater London*		
	Large	Small (RV < £18,000)	Large		Small (RV < £25,500)
			(Incl. BRS)	(RV < £55,001)	
2010/11	41.4p	40.7p	43.4p	41.4p	40.7p
2011/12	43.3p	42.6p	45.3p	43.3p	42.6p
2012/13	45.8p	45.0p	47.8p	45.8p	45.0p
2013/14	47.1p	46.2p	49.1p	47.1p	46.2p
2014/15	48.5p	47.6p	50.5p	48.5p	47.6p
2015/16	49.8p	48.9p	51.8p	49.8p	48.9p
2016/17	51.3p	50.4p	53.3p	51.3p	50.4p

*Properties located in the City of London will have additional Supplement of 0.4p.

Small Uniform Business Rate

Since the 1st April 2012 all businesses will qualify for the small Uniform Business Rate (UBR) provided the Rateable Value (RV) is less than £25,500 in Greater London or less than £18,000 elsewhere. All other properties are subject to the large UBR. This is calculated by applying an additional charge called the Small Business Supplement which is 0.9p for 2013.

Small Business Rates Relief (SBRR)

A business can apply for SBRR if their RV is below £18,000 (£25,500 in London). Eligible businesses with a RV below £6,000 will receive 100% rate relief up until 31st March 2014. This relief is then tapered on a sliding scale of 1% for every £120 in RV between £6,001 and £12,000. Properties with a RV between £12,000 and £17,999 (£25,499 in London) are charged at the Small Business Multiplier.

Business Rates Supplement

County Councils, Unitary District Councils and the Greater London Authority all have a right to levy a Business Rates Supplement (BRS) to fund additional projects which improve the economic development of their area. The right to charge came in on the 1st April 2010 and in London, the BRS is an extra 2p on the UBR for businesses with assessments over £55,000 to fund Crossrail.

Empty Properties

From 1st April 2011, the threshold at which empty properties become liable to pay rates dropped from £18,000 to £2,600.

Empty Property: Reliefs and Exemptions	
Commercial	3 months exemption
Industrial	6 months exemption
Listed Building	Exempt
Vacant Land	Exempt
Ratepayer is a Charity	Exempt
Ratepayer is Amateur Sports Club	Exempt
RV £2,600 or less	Exempt
Ratepayer in Administration or Receivership	Exempt

Partially Empty Properties

When a property is partially vacant for a short period, the ratepayer can apply to the Council for relief under section 44A of the Local Government Finance Act 1988. The relief will apply to the vacant part in accordance with the table above. It is granted at the discretion of the Council.

Empty New Buildings

The Chancellor announced in the autumn statement that new buildings will be exempt from empty rates for up to 18 months. To qualify, the new building must be assessed between 1st October 2013 and 30th September 2016. The relief will take into account the current three or six month exemption periods already in force. Therefore the maximum additional relief is up to 15 months. This additional relief is subject to State Aid rules which means the relief the ratepayer can receive is capped at 200,000 euros over this period. The Government has issued a consultation document which sets out the proposed qualifying criteria. This states that the structural fabric of the building must be more than 50% new to qualify. It also states that refurbished buildings are unlikely to meet this test.

Discretionary Relief

On the 1st April 2012, the discretionary relief regulations were changed to allow Councils to grant rate relief to any ratepayer. The key requirement is that the Council must consider it in the interest of the local council taxpayer in order to grant the relief. This is due to the fact that the Council has to fund 50% of this relief from their own budget, with the Government paying the remainder.

Enterprise Zones

From 1st April 2012, Councils 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 2015. The relief can also apply to empty properties and small businesses. The relief lasts for five years and is subject to state aid rules with a maximum grant of £275,000. In order to encourage Councils to grant this relief the Government has agreed to fund 100% of the cost.

Transitional Relief Scheme

The Transitional Relief Scheme caps based on the 2010 Rating List are set out in the table below. Businesses with large properties face bigger charges in order to subsidise smaller businesses. A small business is classified as any assessment which is under £18,000 outside London and £25,000 inside of London. It should be noted that the BRS is not subject to the transitional scheme.

This 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), adjusting for the RPI Sept/Sept and applying the appropriate cap set out below.

This is a particularly complex calculation, if in doubt please contact a member of the rating team or please visit the Knight Frank rates calculator at KnightFrank.co.uk/rating/calculator

Rate Year	Caps on Increases		Caps on Decreases	
	Large	Small	Large	Small
2010/11	12.5%	5%	4.6%	20%
2011/12	17.5%	7.5%	6.7%	30%
2012/13	20%	10%	7.0%	35%
2013/14	25%	15%	13%	55%
2014/15	25%	15%	13%	55%

SCOTLAND 2013 FACTS & FIGURES

The Scottish Parliament has announced that they are to postpone the rating revaluation for two years until 1st April 2017.

Rate Year	Large	Medium
2010/11	41.4p	40.7p
2011/12	43.3p	42.6p
2012/13	45.8p	45.0p
2013/14	47.1p	46.2p
2014/15	48.5p	47.6p
2015/16	49.8p	48.9p
2016/17	51.3p	50.4p

From 2010/11 onwards, the Large UBR applies to assessments greater than RV £35,000 and the Medium UBR applies to properties assessed below £35,000.

Small Business Bonus Scheme

The Small Business Bonus Scheme is as follows:

Combined RV Threshold	Reliefs
Up to £10,000	100%
£10,001 to £12,000	50%
£12,001 to £18,000	25%
*£18,001 to £25,000	25%

**25% on each property not exceeding £18,000.*

Large Supermarket Charge

From 1st April 2012 any retail outlet with a RV in excess of £300,000 which is licensed for the sale of both alcohol and tobacco was subject to an additional levy on the UBR of 9.3p. This is set to increase to 13p in 2013.

Renewable Energy Relief Scheme

From 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 state aid rules and therefore cannot exceed 200,000 euros in any three year period.

RV Threshold	Reliefs
Up to £145,000	100%
£145 k to £430,000	50%
£430k to £860,000	25%
£860k to £4,000,000	10%
Over £4,000,000	2.5%

Empty Properties

On 1st April 2013 the relief for vacant commercial properties was reduced from 50% to 10%. The initial three month exemption period remains.

All other existing exemptions remain with industrial and listed vacant properties attracting 100% relief. Charities will continue to obtain 80% relief.

New Start

From 1st April 2013, ratepayers with vacant new properties can apply for 100% relief for a maximum period of 18 months subject to state aid rules. To qualify, the property must be assessed between 1st April 2013 and 31st March 2016 and must not have been an existing building which has been refurbished or had a change of use.

WALES 2013 FACTS & FIGURES

Fresh Start

New ratepayers who take occupation of a property which had previously been vacant for 12 months can apply for 50% relief for the following 12 months.

Transitional Arrangements

There is no Transitional Relief Scheme in Scotland.

The Welsh Assembly has confirmed that the next revaluation will come into force on 1st April 2017.

Rate Year	All Properties
2010/11	40.9p
2011/12	42.8p
2012/13	45.2p
2013/14	46.4p
2014/15	47.8p
2015/16	49.1p
2016/17	50.6p

Uniform Business Rate

In Wales there is no separate UBR supplement for large properties. The UBR is set annually and normally only adjusted by the prevailing RPI inflation rate as of September. In the event that there is a loss in total liability collected as a result of changes to the rating list then the Government has the ability to increase the UBR in the following year to make good the shortfall.

Transitional Arrangements

There is no transitional relief scheme in Wales for the 2010 List.

Small Property Relief

Small property relief was introduced in Wales for the first time in 2007/2008. Unlike England, the relief is automatic and applies provided the assessment is below the required threshold. For RV assessments between £2,000 and £4,999 a 25% discount will apply. For RV assessments less than £2,000 a 50% discount will apply.

Empty Properties

From 1st April 2011, the threshold at which empty properties become liable to pay rates drops from £18,000 to £2,600. The remaining reliefs are the same as those set out on the table for England.

INFLATION CURRENT AND FORECAST

Inflation - Facts & Figures

All UBR and transitional arrangements are subject to adjustment by the rate of inflation. This is based on the Sept/Sept actual RPI. Below we have adopted the Government's Office of Budget Responsibility RPI Forecast based on the 2010 Rating List.

Rate Year	Inflation Rate (RPI)
2010/11	-1.40% (actual)
2011/12	4.70% (actual)
2012/13	5.60% (actual)
2013/14	2.70% (actual)
2014/15	3.10%
2015/16	2.70%
2016/17	3.10%

A partnership approach

With over 110 years of experience, Knight Frank is the world's leading, independent real estate consultancy.

Through our alliance with US based Newmark Grubb Knight Frank, our global network extends across over 370 offices in 48 countries and we have more than 13,700 professionals handling in excess of US\$800 billion (£500 million) worth of prime commercial, residential and agricultural real estate per annum.

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

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