

Non Domestic Rating in England and Wales

A. Introductory Note

1. Since 1 April 1990, non-domestic properties in England and Wales have been liable to national non-domestic rates. This section describes the way in which the rating lists are compiled and provides an analysis of the rateable values.

B. Non-Domestic Rating Lists

2. The Valuation Office Agency of Her Majesty's Revenue and Customs (HMRC) is responsible for compiling and maintaining non-domestic rating lists for England and Wales. Broadly the rateable value of a property is based on the annual rent that property could have been let for on the open market at a particular date (the antecedent date). For the 2000 lists, the antecedent date was 1 April 1998, for the 2005 list, it is 1 April 2003 and for the 2010 list, which came into effect on 1 April 2010, it is 1 April 2008..
3. Properties not liable to rates, e.g. agricultural land and associated buildings, are excluded from the rating lists. Certain properties occupied by the Crown, e.g. central government offices and MOD establishments, were prior to the 2000 rating list exempt from rating and did not appear in any rating list. The Crown did, however, make a contribution in lieu of rates based on a notional rateable value. Crown properties are included in the 2000, 2005 and 2010 rating lists and are liable to rates from 1 April 2000.
4. Rate relief is available in certain circumstances. For example, an empty property currently pays no rates for the first 3 months, and this will continue, but from 1 April 2008 most property that has been empty for more than 3 months, or in the case of industrial property, for more than 6 months, no longer receives relief from rates.. Rate relief can be granted by local authorities who are responsible for assessing rates bills and collecting rates. Charities are automatically entitled to relief of 80 per cent, with local authorities having the discretion to top this up to 100 per cent. Local authorities also have the discretion to grant relief to other non-profit making bodies and in cases of hardship. In designated rural areas, village shops and other small businesses may qualify for relief. Eligible small businesses may apply to their local authority for small business rate relief. (See more detailed note below.)
5. New lists are compiled every five years following a revaluation of all non-domestic properties. The revaluation is implemented by central and local government. The Valuation Office Agency (VOA) compiles and maintains the list of rateable values for all non-domestic properties across England and Wales. Local authorities will use the assessments to calculate bills for the 2011/2012 financial year.
Newly built properties and properties which are no longer exempt are added to the lists. Properties which have been demolished or are no longer liable to be rated are removed from the lists. Values in the lists for properties which have been extended, reduced or reconstituted, e.g. when one property is split into two, are amended. Values may also change as a result of appeals.
6. A local rating list is kept for each billing authority in England and Wales. There are also two central rating lists - one for England managed by the Department for Communities and Local Government and one for Wales (managed by the

National Assembly for Wales). The purpose of the central lists is to enable the rating of properties that could be difficult to apportion among the local lists. Examples include British Telecom and the gas and electricity supply networks.

7. Under the rating system, the Government sets a separate uniform poundage for England (Wales is set by the Welsh Assembly) known as the non-domestic rating multiplier. This is the sum payable on every pound of rateable value to arrive at the full rate bill (assuming no reliefs). The small business multiplier in England for 2011-12 is 42.6p (see para 8) and for Wales it is 42.8. Legislation provides that the annual increase in the small business multiplier cannot rise by more than the rate of inflation except following a revaluation. However there are specific circumstances where the multiplier may be adjusted by more than inflation. On revaluation the multiplier is set so that the total yield from the new list is broadly equal in real terms to that from the old, over the life of the new list. The national multiplier in England includes a supplement to fund small business rate relief and is currently 43.3p.
8. A new feature of the 2005 list, in England, that came into effect on 1 April 2005 was The Small Business Rate Relief scheme. This relief is paid for by those businesses not eligible for the relief. This "supplement" is built into the standard multiplier described in para 7. Businesses eligible for small business rate relief with rateable values of below £6,000 will get 50% rate relief on their liability, which is calculated by applying the small business rate multiplier (42.6p in 2011-12). This relief will decrease on a sliding scale by an estimated 1% for every £120 of rateable value over £6,000, up to £12,000. Eligible businesses with rateable values of between £12,000 and £17,999 (or between £12,000 and £25,499 in London) will also have their liability calculated using the small business multiplier.

The relief is available to ratepayers with either:

- one property, or
- one main property and other additional properties, providing the additional properties do not have individual rateable values of more than £2,600, and the combined rateable value of all the properties is under £18,000 (or £25,500 in London).

The threshold for the combined rateable value is dependent on the location of the main property. The main property is the only one that will have the relief applied to it. The additional properties will have their charges calculated using the standard multiplier.

9. In the March 2010 budget it was announced that eligible small businesses occupying properties with rateable values up to £6,000 will pay no business rates for one year from October 2010. In addition, small businesses benefiting from the rate relief taper (rateable values up to £12,000) will receive significant reductions. It was announced in the March 2011 budget that these reliefs would be extended for a further year, to end September 2012.
10. Transitional arrangements were introduced in 1990 to phase in changes in rate bills arising from the move to the new rating system. There were also transitional schemes for the introduction of the 1995, 2000 and 2005 lists, and there is a new scheme for the 2010 list in England. No transitional relief is

available for properties in Wales from 2005. The new transition scheme for England, operates over a five year period.

11. Local authorities remain responsible for assessing rate bills and collecting business rates payable on properties within their authority. They do not, however, retain the rates they collect but pay them into a national pool (one for each of England and Wales). The money in the pool is redistributed to local authorities as part of formula grant. There are special arrangements for the City of London.

C. Notes On The Tables

12. The analyses in this section relate to England and Wales only. The rating law and practice in Scotland and Northern Ireland are different and valuations for rating in those countries are not carried out by the Valuation Office Agency.
13. The tables in this section have 3 different bases. Tables T17.1, T17.2 and T17.3 solely reflect rateable values at 1 April 2011 and include properties in the local lists and the central list. Tables T17.4 and T17.5 compare properties which appear both at the end of the 2005 list and the beginning of the 2010 list and include both the local list and central lists. Finally table T17.6 gives movements in the 2010 local list between 1 April 2010 and 31 March 2011.

D. Enquiries and Further Information

14. Requests for clarification, or further analyses based on the current data should be addressed to Mossisa Regassa, Knowledge, Analysis and Intelligence, HMRC, 100 Parliament Street, London SW1A 2BQ (mossisa.regassa@hmrc.gsi.gov.uk). More detailed information on the 2010 rating list is available on the Valuation Office Agency website (www.voa.gov.uk). A telephone enquiry number for this section is given in the [enquiry points](#) page.