

BUSINESS RATES

FACTS & FIGURES 2016/17

SUMMARY OF LATEST CHANGES

OVERALL:

- 2016/17 Uniform Business Rates adjusted to reflect RPI 0.08%

ENGLAND:

- Small Business Rates Relief Extended for 2016/17
- City of London have increased their Supplement to 0.5p for 2016/17
- Small Business Rates Relief exemption threshold to double to RV £12,000 with tapering relief to £15,000 for 2017/18
- Threshold for Small Business Rates multiplier to increase to RV £51,000 from 2017/18

SCOTLAND:

- Small Business Bonus Scheme extended for 2016/17
- Qualifying criteria for Renewable Energy Relief changed
- Empty Rate Exemptions & Reliefs Changed

WALES:

- Retail Relief Scheme extended for 2016/17
- Small Business Rates Relief extended for 2016/17

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.

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 (UBR) 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 this guide is limited to the information currently available. This edition was published in Q2 2016. In order to ensure businesses are kept up to date we would recommend subscribing to updates of this guide by using our website **knightfrankrating.com**

or contact our rating helpdesk on:

E: rating@knightfrank.co.uk

T: +44 20 7861 1247





ENGLAND 2016

Facts & Figures

England Uniform Business Rates

Rate Year	England (excl. London)		Greater London *		
	Large	Small ** RV < £18,000	Large Incl. BR5	RV < £55,001	Small RV < £25,500
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	48.2p	47.1p	50.2p	48.2p	47.1p
2015/16	49.3p	48.0p	51.3p	49.3p	48.0p
2016/17	49.7p	48.4p	51.7p	49.7p	48.4p

*For 2016, Properties located in the City of London will have an additional Supplement of 0.5p.

Previously this was set at 0.4p.

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

Small Business Rates Relief (SBRR)

A business can apply for SBRR on their main property if their RV is below £18,000 (£25,500 in London). Eligible Businesses with an RV of £6,000 or less will receive 100% rate relief up to 31st March 2017. This relief is then tapered on a sliding scale of 1% for every £60 in RV between £6,001 and £12,000. Business can take on additional properties provided they are under RV £2,600 and the overall total does not exceed the RV threshold. From 1st April 2014, businesses that do breach the threshold when taking on additional property will be allowed a year's grace before losing relief.

Business Rates Supplement (BRS)

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 is subject to a maximum levy of 2p. 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 £55,000.

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

*Exemption applies when property is newly assessed for rates or when it is vacated provided it was occupied for at least six weeks beforehand.

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

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

Since the 1st October 2013 any new qualifying building is 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 takes 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 mean the relief the ratepayer can receive is capped at 200,000 euros over this period. The Government has issued a guidance document which sets out the 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. This guide can be accessed by clicking on the heading above.

Relief for Occupying Vacant Retail Premises

Since 1st April 2014, businesses that move into a retail premises which has been vacant for more than a year qualify for a 50% reduction in rates for 18 months. The qualifying period is set to end on 31st March 2016. This guide can be accessed by clicking on the heading above.

Relief for Retail Premises

Since 1st April 2014, all shops, pubs and restaurants with a rateable value below £50,000 are entitled to £1,000 relief. From the 1st April 2015 this will increase to £1,500, subject to the usual state aid rules. The Government have produced a guide which recommends excluding a number of retail uses. This relief will not apply from 1st April 2016. This guide can be accessed by clicking on the heading above.

Right to pay by instalments extended

Since 1st April 2014, all ratepayers are entitled to apply to pay their rates over a 12 month instalment plan as opposed to the previous 10.

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 is 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

Since 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 2018. 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 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. 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.

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%
2015/16	25%	15%	No Cap	No Cap
2016/17	25%	15%	No Cap	No Cap

**Only applicable where RV £50,000 or less. Click on heading for Government Guidance Note.*



SCOTLAND 2016

Facts & Figures

Scotland Uniform Business Rates

Rate Year	Large (> RV £35,000)	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	48.2p	47.1p
2015/16	49.3p	48.0p
2016/17	51.0p	48.4p

Small Business Bonus Scheme

The Small Business Bonus Scheme has been extended to 31st March 2017 and 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

An additional levy on the UBR of 9.3p was introduced in April 2012 on any retail outlet with a RV in excess of £300,000 which is licensed for the sale of both alcohol and tobacco. The levy was increased to 13p in April 2013. The levy was abolished from 1st April 2015.

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 state aid rules and therefore cannot exceed 200,000 euros in any three year period. From 1st April 2016 this relief is proposed to be limited to only schemes incorporating community ownership.

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

Empty Properties

From 1st April 2016, vacant commercial properties exemption for the first three months will be reduced to 50 % followed by 10% relief thereafter. Vacant Industrial properties will lose their complete exemption whilst empty and only qualify for the first six months followed by 10% relief thereafter. All other existing exemptions remain with listed vacant properties attracting 100% relief. Charities will continue to obtain 80% relief.

New Start

Since 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.

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

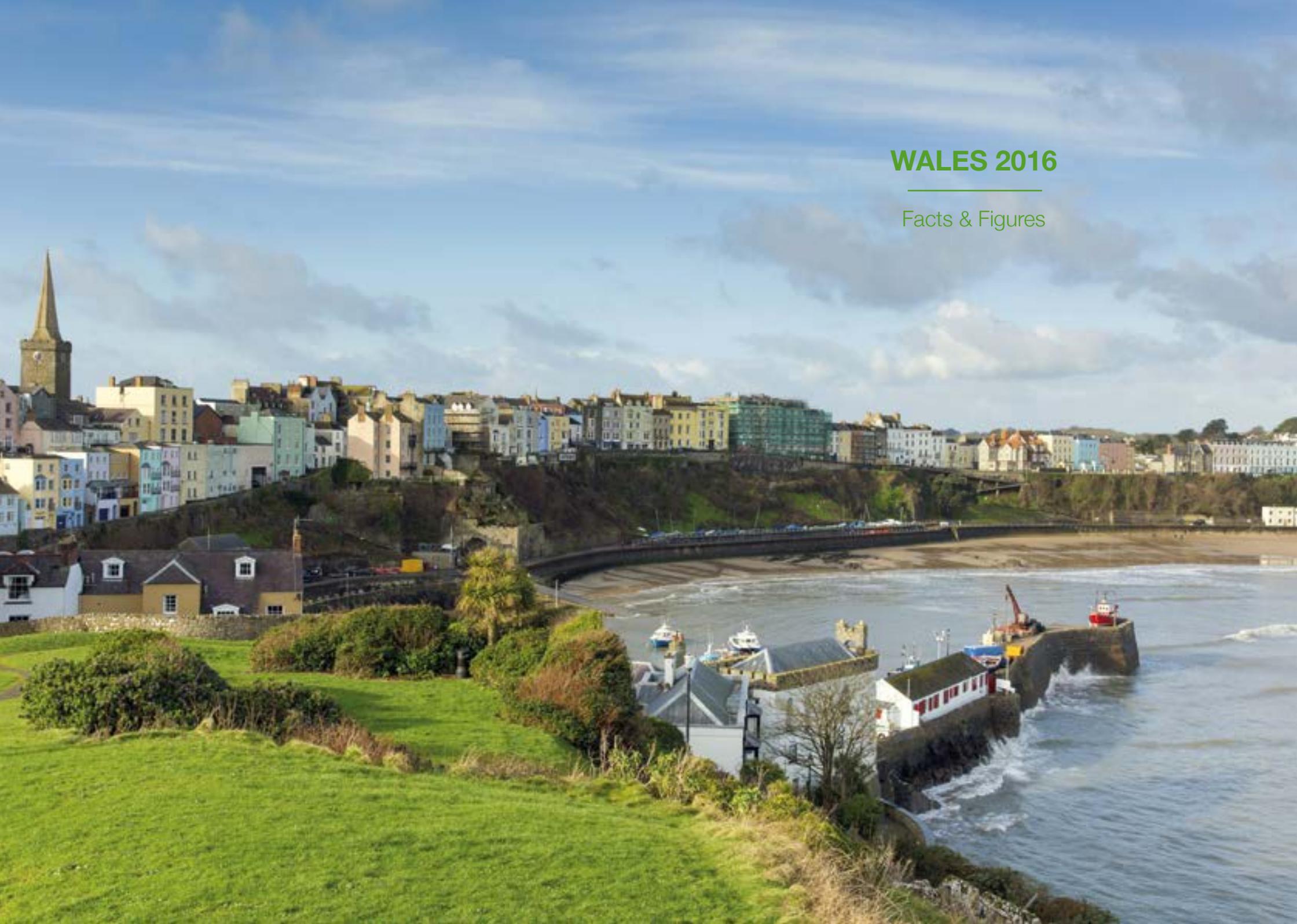
There is no Transitional Relief Scheme in Scotland.

Enterprise Zone Relief

Businesses moving into an Enterprise Zone can qualify for up to 100%. This scheme is the same as set out for England. The EZ locations and details can be accessed by clicking on the heading above.

WALES 2016

Facts & Figures



Wales

Uniform Business Rates

Rate year	All properties
2010/11	40.9p
2011/12	42.8p
2012/13	45.2p
2013/14	46.4p
2014/15	47.3p
2015/16	48.2p
2016/17	48.6p

Uniform Business Rate

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

Retail Relief Scheme

Since 1st April 2014, all shops, pubs and restaurants with a rateable value below £50,000 are entitled to £1,000 relief. On 1st April 2015 this increased to £1,500, subject to the usual state aid rules. This relief will not apply from 1st April 2016. The Government have produced a guide which recommends excluding a number of retail uses. This can be accessed by clicking on the heading above.

Transitional Arrangements

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

Small Business Rates Relief

Since 1st April 2014 the Welsh Government introduced Small Business Rates Relief and this has been extended to April 2017. Properties with a rateable value of £6,000 or less are eligible for 100% relief. For properties between £6,001 and £12,000, the relief is tapered on a sliding scale of 1% for every £60 increase in RV. Unlike England there are no limits to the number of properties. This relief is subject to State Aid Rules. Additional reliefs for Retail Premises, Post Offices and Registered Child Care are available and details can be obtained by clicking here.

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 & Forecast

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.

Rate Year	Reliefs
2010/11	-1.40% (actual)
2011/12	4.70% (actual)
2012/13	5.60% (actual)
2013/14	2.70% (actual)
2014/15	3.20% (actual – capped @ 2%)
2015/16	2.30% (actual – capped @ 2%)
2016/17	0.80% (actual)

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 Newmark Grubb Knight Frank we have grown to a group of over 13,000 property professionals, in more than 417 offices in 58 countries. 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.

The combination of our people, research and technology has helped us grow our enviable track record and that's why clients come back to us for their personal and professional property requirements.

Knight Frank

Global Headquarters

55 Baker Street
London W1U 8AN
United Kingdom

+44 20 7629 8171

www.knightfrankrating.com

Rating Helpdesk: +44 20 7861 1247

E: rating@knightfrank.com

