

BUDGET ANNOUNCEMENT!
Temporary increase in the amount of Small Business Rate Relief available to eligible business ratepayers

Key facts

What is the Government doing?

It is increasing the support available to small businesses that pay business rates. It is doing this by increasing the level of Small Business Rate Relief available to eligible businesses for a temporary period. From 1 October 2010 to 30 September 2011, eligible businesses with a rateable value of up to £6,000 will be entitled to 100% relief on their bill. If your rateable value is between £6,001 and £12,000, you will be entitled to relief on a sliding scale between 100% and 0%.

Who is eligible?

Anyone who is entitled to Small Business Rate Relief and has a rateable value of £12,000 or less will be eligible for the increased level of discount off their rates bill.

When does this happen?

The revised relief will apply between 1 October 2010 and 30 September 2011.

Is it worth it?

Yes! The Government's changes will mean that those who, for example, are entitled to a 50% reduction in their rates bill will be entitled to a **100% reduction** between 1 October 2010 and 30 September 2011.

Do I need to meet any criteria?

Small Business Rates Relief is available to all businesses whose rateable value is less than £18,000. To qualify for the relief, businesses must apply to their local authority and confirm that:

- the sole or main hereditament they occupy must have a rateable value of less than £18,000 (£25,500 in Greater London) and
- if they occupy any additional hereditaments, each of the additional hereditaments must have a rateable value of less than £2,600, and the total rateable value of all of their hereditaments must be less than £18,000 (£25,500 in Greater London).

Where the rateable value of the hereditament is £12,000 or less, the business is eligible to claim a discount on the rates bill, as well as having their bill calculated on the basis of the small business rate multiplier.

For businesses with a rateable value of between £12,001 and £18,000 (or £25,500 in London), there is no discount, but the business will continue to be entitled to have their rates bill calculated using the small business rate multiplier.

Do I need to do anything?

If you already claim the relief, you do not need to do anything more. Your local authority will calculate your revised payment schedules and write to you later this year.

If, however, you do not already claim the relief (see the criteria listed above), but think you may be entitled to the relief, then you should contact your local authority who can advise you on what you need to do.

Can I change my bill payments now?

You must continue to pay your current bills, on the existing payment schedule from your local authority. Current collection and enforcement procedures will continue to apply to ratepayers who miss a scheduled instalment. Your local authority will write later this year to advise you of any reductions that might be necessary to your 2010/11 bill. Any changes to your liability that are necessary for 2011/12 will be set out in your 2011/12 bill when that is prepared in March 2011.

When will I find out what my revised bill will be?

The changes need to be agreed by Parliament. Subject to Parliamentary approval, the Government expects that local authorities will be able to issue revised bills for 2010/11 before 1 October 2010.

What if I have already paid too much by 1 October?

If, as a result of the payments you have already paid by 1 October 2010, you have paid an amount greater than any revised bill you are due from the new arrangements, then your local authority will arrange any necessary refund to be made to you.

My rateable value is over £12,000. Do I get any help?

If your rateable value is over £12,000, you are not entitled to a discount within Small Business Rate Relief. However, if your rateable value is below £18,000 (or £25,500 in London), and you are eligible for Small Business Rate Relief, you will be paying your business rates using the Small Business Rate multiplier which is set at a lower level than the general business rate. In these circumstances, there will be no change to your bill.

Why is the Government doing this?

The Government is making this change to the Small Business Rate Relief scheme to provide help with the fixed costs of starting and running a small business as the economy starts growing.

What happens if there is a new Government?

Introduction of the measure will be subject to passage of the necessary legislation by Parliament, following an election.

I have deferred some of my liability for business rates for 2009/10 into the next year. Does this scheme mean I no longer have to pay those rates?

The Chancellor's announcement relates solely to the business rate liability between 1 October 2010 and 30 September 2011. If you are paying any other rates bill from earlier periods, for example through the deferral of rates liabilities scheme, you should continue to make those payments to your billing authority.