

# EXPLANATORY NOTES

## NATIONAL NON-DOMESTIC RATES EXPLANATORY NOTES 2024-2025

### Non-domestic rates

Non-domestic rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, authorities keep a proportion of the business rates paid locally. The money, together with revenue from council taxpayers, locally generated income and grants from central government, is used to pay for the services provided by local authorities in your area. Further information about the business rates system may be obtained [here](#) and at the website of your local council which is normally shown on your rate bill.

### Rateable value

Apart from properties that are exempt from business rates, each non-domestic property has a rateable value which is set by the Valuation Office Agency (VOA), an agency of HMRC. They compile and maintain a full list of all rateable values, available at [www.gov.uk/voa](http://www.gov.uk/voa)

The rateable value of your property is shown on the front of your bill. This broadly represents the yearly rent the property could have been let for on the open market, on a particular date specified in legislation. For the current rating list, the revaluation came into effect on 1 April 2023, this date was set as 1 April 2021.

The VOA may alter the valuation if circumstances change. The ratepayer (and certain others who have an interest in the property) can also check and challenge the valuation shown in the list if they believe it is wrong.

Further information about the grounds on which challenges may be made and the process for doing so can be found on the [VOA website](#).

Your billing authority can only backdate any business rates rebate to the date from which any change to the list is to have effect.

### National non-domestic rating multiplier

The local authority works out the business rates bill for a property by multiplying the rateable value of the property by the appropriate non-domestic multiplier. There are two multipliers: the national non-domestic rating multiplier and the small business non-domestic rating multiplier. The government sets the multipliers for each financial year, except in the City of London where special arrangements apply.

For 2024/25 the national non-domestic rating multiplier (standard multiplier) has increased to 54.6p. and the small business non-domestic multiplier has been frozen at 49.9p. The current multipliers are shown on the front of your bill.

### Business rates instalments

Government has put in place regulations that will allow businesses to require their local authority to enable payments to be made through 12 monthly instalments. If you wish to take up this offer, you should contact the local authority as soon as possible.

### Revaluations

All non-domestic property rateable values are reassessed at revaluations. The most recent revaluation took effect from 1 April 2023. Revaluations ensure that business rates bills are up-to-date, more accurately reflect current rental values and relative changes in rents. Frequent revaluations ensure the system continues to be responsive to changing economic conditions. The next revaluation is due to take place on 1 April 2026.

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## Transitional Rate Relief

At a revaluation some ratepayers will see reductions or no change in their bill, whereas some ratepayers will see increases.

Transitional relief schemes are introduced at each revaluation to help those facing increases.

This relief is applied automatically to bills. Further information about transitional arrangements and other reliefs may be obtained from the local authority or the government [website](#).

## Unoccupied property rating

Business rates will not be payable in the first three months that a property is empty. This is extended to six months in the case of certain industrial properties. After this period rates are payable in full unless the unoccupied property rate has been reduced by the government by order.

In most cases the unoccupied property rate is zero for properties owned by charities and community amateur sports clubs. In addition, there are a number of exemptions from the unoccupied property rate. Full details on exemptions can be obtained from your local authority. If the unoccupied property rate for the financial year has been reduced by order, it will be shown on the front of your bill.

The Empty Property Relief reset period will be extended from six weeks to thirteen weeks from 1 April 2024.

## Partly occupied property relief

A ratepayer is liable for the full non-domestic rate whether a property is wholly occupied or only partly occupied. Where a property is partly occupied for a short time, the local authority has discretion in certain cases to award relief in respect of the unoccupied part. Full details can be obtained from the local authority.

## Small business rate relief

Ratepayers who occupy a property with a rateable value which does not exceed £50,999 (and who are not entitled to other mandatory relief or are liable for unoccupied property rates) will have their bill calculated using the lower small business non-domestic rating multiplier, rather than the national non-domestic rating multiplier.

In addition, generally, if the sole or main property is shown on the rating list with a rateable value which does not exceed £15,000, the ratepayer will receive a percentage reduction in their rates bill for this property of up to a maximum of 100%. For a property with a rateable value of not more than £12,000, the ratepayer will receive a 100% reduction in their rates bill.

Generally, this percentage reduction (relief) is only available to ratepayers who occupy either-

- (a) one property, or
- (b) one main property and other additional properties providing those additional properties each have a rateable value which does not exceed £2,899.

The rateable value of the property mentioned in (a), or the aggregate rateable value of all the properties mentioned in (b), must not exceed £19,999 outside London or £27,999 in London on each day for which relief is being sought. If the rateable value, or aggregate rateable value, increases above those levels, relief will cease from the day of the increase.

The government has introduced additional support to small businesses. For those businesses that take on an additional property which would normally have meant the loss of small business rate relief, the government has confirmed that they will be allowed to keep that relief for a period of 12 months. Where a ratepayer meets the eligibility criteria and has not received the relief they should contact

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their local authority. You can make an application online using this [webpage](#)

Provided the ratepayer continues to satisfy the conditions for relief which apply at the relevant time as regards the property and the ratepayer, they will automatically continue to receive relief in each new valuation period.

Certain changes in circumstances will need to be notified to the local authority by a ratepayer who is in receipt of relief (other changes will be picked up by the local authority). The changes which should be notified are-

- (a) the ratepayer taking up occupation of an additional property, and
- (b) an increase in the rateable value of a property occupied by the ratepayer in an area other than the area of the local authority which granted the relief.

### **Charity and community amateur sports club relief**

Charities and registered community amateur sports clubs are entitled to 80% relief where the property is occupied by the charity or the club, and is wholly or mainly used for the charitable purposes of the charity (or of that and other charities), or for the purposes of the club (or of that and other clubs).

The local authority has discretion to give further relief on the remaining bill. Because of the council's financial situation, there has been no Discretionary Rates Relief scheme from 2023/24 onwards.

### **Supporting Small Business Relief (SSB)**

The 2023 Supporting Small Business (SSB) Relief Scheme will cap bill increases at £600 per year for any business losing eligibility for some or all Small Business Rate Relief (SBRR) at the 2023 revaluation. SSB Relief was first introduced following the 2017 revaluation to support ratepayers facing bill increases

greater than the Transitional Relief caps due to loss of Small Business Rate Relief.

All eligible ratepayers remain in 2023 SSBR for either three years or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the Supporting Small Business scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or community amateur sports club.

There is no second property test for eligibility for the 2023 SSB Relief Scheme.

There is no need to make an application for this relief. If you qualify we will automatically apply the relief to your account. If you think you are entitled to the relief but haven't received it, please contact us.

Any relief awarded under this scheme will be adjusted if there is a change in your circumstances, for example if you vacate the premises or there is an amendment to the rateable value of your premises. For further information please visit this [website](#).

### **2024/25 Retail, Hospitality and Leisure Relief**

In the Autumn Statement The Chancellor announced that eligible businesses in the retail, hospitality and leisure sector, will qualify for the extended 75% relief off their business rates bills for 2024-25 up to a cash cap limit of £110,000 per business.

This cash cap applies at a group company level (so holding companies and subsidiaries cannot claim up to the cash cap for each company). It also applies to organisations which, although not a company, have an interest in a company that they would, if they were a company, result in it being the holding company.

To claim the Retail, Hospitality and Leisure Relief you must not have exceeded either the £110,000 cash cap for 2024/25 or the Small Amounts of Financial Assistance limit of

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£315,000 over three years (including 2024/25).

Please email the business rates team ([croynndr@croydon.gov.uk](mailto:croynndr@croydon.gov.uk)) if your business will be in breach of the cash cap.

For the 2024/2025 Retail, Hospitality and Leisure Business Rates Relief Scheme, businesses may choose to opt out of support by providing billing authorities notification of their request to refuse support, per eligible hereditament. To opt out please contact us at [croynndr@croydon.gov.uk](mailto:croynndr@croydon.gov.uk)

For further information please visit [this website](#).

## Improvement Relief

From 1 April 2024, improvement relief will support businesses wishing to invest in their property. It will ensure that no ratepayer will face higher business rates bills for 12 months as a result of qualifying improvements to a property they occupy.

You do not need to apply for improvement relief. The Valuation Office Agency (VOA) will automatically consider it when they are notified of property changes.

## Heat Networks Relief

You can get heat networks relief if your property is only used or mainly used as a 'heat network'.

A heat network supplies heating or cooling to other properties from a central source. To be eligible, the heat network must:

- (1) Take its energy from a low carbon source
- (2) Supply heating and cooling to other properties – for example, homes, shops, public buildings, hospitals and offices

The heat network must not supply heat or cooling for industrial use – for example, to create products in factories.

You will not pay business rates if your property is eligible for heat networks relief.

You should contact the Valuation Office Agency (VOA) to see if your property is eligible for heat networks relief.

## Film Studios

In the Spring Budget on 6 March 2024 the Chancellor announced that there will be a 40% relief on gross business rates for eligible film studios in England from April 2024 to 2034 (backdated, as this will take time to implement). Local authorities will be fully compensated for the loss of income.

## Local discounts

Local authorities have a general power to grant discretionary local discounts. Full details can be obtained from the local authority.

## Subsidy control

The new UK subsidy control regime commenced 4 January 2023. The new regime enables public authorities, including devolved administrations and local authorities, to deliver subsidies that are tailored for local needs.

Mandatory rate relief doesn't count as a subsidy, but discretionary rate relief usually does. If you apply for any discretionary reliefs and you've received any other subsidy this year or in the last two years, you must tell us.

You're allowed up to £315,000 over a rolling three year period (consisting of the 2024-25 financial year and the two previous financial years). BEIS business grants (throughout the three years) and any other subsidies claimed under the Minimal Financial Assistance limit should be counted towards the allowance.

Public authorities giving subsidies must comply with the UK's international subsidy control commitments. The subsidy control legislation provides the framework for a new, UK-wide subsidy control regime. Further information about subsidy control can be found on the gov.uk [website](#).

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## Hardship relief

The local authority has discretion to give hardship relief in specific circumstances. Full details can be obtained from the local authority.

## Rating advisers

Ratepayers do not have to be represented in discussions about their rateable value or their rates bill. However, ratepayers who do wish to be represented should be aware that members of the Royal Institution of Chartered Surveyors (RICS - [website](#)) and the Institute of Revenues, Rating and Valuation (IRRV - [website](#)) are qualified and are regulated by rules of professional conduct designed to protect the public from misconduct. Before you employ a rating adviser, you should check that they have the necessary knowledge and expertise, as well as appropriate indemnity insurance. Take great care and, if necessary, seek further advice before entering into any contract.

## Information supplied with demand notices

Information relating to the relevant and previous financial years in regard to the gross expenditure of the local authority is available [here](#).

A hard copy is available on request by calling 020 8726 6000 or writing to:  
Resources Department, Finance  
Investment and Risk, 3<sup>rd</sup> Floor, Bernard  
Weatherill House, 8 Mint Walk, Croydon,  
CR0 1EA.

## **What is the Elizabeth Line (formerly Crossrail) and how will it benefit your business?**

The Elizabeth Line is London's newest railway. It connects the outer suburbs and Heathrow airport to the West End, the City and Canary Wharf. As such, it is vital to the future of London's economy. It was named the Elizabeth line in honour of the late Queen Elizabeth II. The Elizabeth line has been the single largest investment in London's infrastructure for decades. At the peak of construction, it employed up to 14,000 people. The central section opened in May 2022. Six months later, direct Elizabeth line services into central London from Reading, Heathrow, Shenfield and Abbey Wood began. The final timetable across the entire railway was introduced in May 2023. The increased earnings it has brought – from new jobs and faster journeys – are benefitting businesses across London. To find out more, visit [www.tfl.gov.uk/modes/elizabeth-line/](http://www.tfl.gov.uk/modes/elizabeth-line/) or call the helpline on 0343 222 1234 .

## **Developments in the funding of the Elizabeth line**

The previous Mayor of London agreed a funding settlement with the government in 2010 for the Crossrail scheme. The Mayor and the Secretary of State for Transport agreed revised funding packages for Crossrail in December 2018 and November 2020.

## **How have London's businesses helped fund the Elizabeth line?**

In April 2012, the previous Mayor introduced a Community Infrastructure Levy (MCIL) on new developments in London to finance Crossrail. The charging schedule changed in April 2019. The developer pays this levy.

Business ratepayers of larger properties have contributed through a special Crossrail Business Rate Supplement (BRS) since April

2010.

Under the current funding package, the GLA is expected to contribute a total of around £7 billion towards Crossrail. This is financed through the MCIL and the BRS. The BRS will need to be levied until the GLA's Crossrail related borrowing is repaid. This should be no later than March 2041, in line with the published Crossrail BRS prospectus.

## **Does my business have to pay the Crossrail BRS?**

Your rates bill makes clear if you are liable to pay the BRS. It applies only to assessments (for example business and other non-domestic premises) with a rateable value above £75,000. This threshold was increased from £70,000 to £75,000 on 1 April 2023 to reflect the impact of the 2023 business rates revaluation. This higher threshold means that at least 86 per cent of the capital's non-domestic properties are expected to be exempt from paying the BRS in 2024-25.

## **How much do I pay if my property's rateable value is above £75,000?**

The Crossrail BRS multiplier for 2024-25 remains at 2p per pound of rateable value. Reliefs for the Crossrail BRS will apply on the same basis and at the same percentage rate as for your national non-domestic rates (NNDR) bill. However, there is no transitional relief scheme for the BRS.

## **Keeping you up-to-date**

We will give ratepayers an annual update over the lifetime of the BRS.

## **Contact for more information**

020 7983 4100 [crossrail-brs@london.gov.uk](mailto:crossrail-brs@london.gov.uk); [www.london.gov.uk/crossrail-brs](http://www.london.gov.uk/crossrail-brs) Finance, GLA, City Hall, London E16 1ZE