

**2004 No. 3389**

**COUNCIL TAX, ENGLAND**

**RATING AND VALUATION, ENGLAND**

**The Council Tax and Non-Domestic Rating (Demand Notices)  
(England) (Amendment) Regulations 2004**

<i>Made</i> - - - -	<i>21st December 2004</i>
<i>Laid before Parliament</i>	<i>23rd December 2004</i>
<i>Coming into force</i> - -	<i>13th January 2005</i>

The First Secretary of State, in exercise of the powers conferred by section 143(1) and (2) of, and paragraphs 1 and 2(2)(ga) of Schedule 9 to, the Local Government Finance Act 1988(a), hereby makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2004 and shall come into force on 13th January 2005.

**Amendments to the 2003 Regulations**

2.—(1) The Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003(b) are amended in accordance with paragraphs (2) to (7).

(2) In paragraph 3 of Part 1 of Schedule 2, for “multiplier” substitute “multipliers”.

(3) In paragraph 5 of Part 1 of Schedule 2, before paragraph (a) insert—

“(aa) the chargeable amount would fall to be calculated under section 43(4A) of the 1988 Act;”.

(4) In paragraph 6 of Part 1 of Schedule 2, for the Explanatory Notes substitute the Explanatory Notes set out in Schedule 1 to these Regulations.

(5) In paragraph (b) of Part 2 of Schedule 2, for the paragraphs under the heading “Rate relief for businesses in rural areas” substitute—

“Certain types of properties in a rural settlement with a population below 3,000 - the only general store, post office or food shop and with a rateable value of less than £7,000 or the

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(a) 1988 (c.41). These powers are devolved, in relation to Wales, to the National Assembly for Wales by the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672); see the reference to the Local Government Finance Act 1988 in Schedule 1. Paragraphs 2(2)(ga), (gc) and (ge) of Schedule 9 were inserted by the Local Government and Housing Act 1989 (c.42), section 139 and Schedule 5, paragraph 44. For the definition of “prescribed” see section 146(6).

(b) S.I. 2003/2613.

only public house or petrol station and with a rateable value of less than £10,500 - may be entitled to relief. The property has to be occupied and an eligible ratepayer is entitled to relief at 50% of the full charge whilst the local council also has discretion to give further relief on the remaining bill.

In addition, the local authority can give relief on certain other occupied property in a rural settlement where the rateable value is less than £14,000. Full details can be obtained from the local authority.”.

(6) In paragraph 2 of Part 3 of Schedule 2, for “multiplier” substitute “multipliers”.

(7) In paragraph 3 of Part 3 of Schedule 2, for the Explanatory Notes substitute the Explanatory Notes set out in Schedule 2 to these Regulations.

### **Revocation and savings**

3.—(1) Subject to paragraph (2) the following are hereby revoked—

- (a) the Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 1993(a);
- (b) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 1995(b);
- (c) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 1996(c);
- (d) article 74 of the Local Authorities (Contracting Out of Tax Billing, Collection and Enforcement Functions) Order 1996(d);
- (e) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 1997(e);
- (f) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) (Rural Rate Relief) Regulations 1998(f);
- (g) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2000(g);
- (h) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) (No. 2) Regulations 2000(h);
- (i) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2001(i); and
- (j) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2002(j).

(2) The Regulations and article referred to in paragraph (1) shall continue to have effect in relation to any council tax or non-domestic rates in respect of a day falling before 1st April 2004(k).

Signed by authority of the First Secretary of State

*Nick Raynsford*  
Minister of State,

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- (a) S.I. 1993/191.
  - (b) S.I. 1995/121.
  - (c) S.I. 1996/504.
  - (d) S.I. 1996/1880.
  - (e) S.I. 1997/394.
  - (f) S.I. 1998/47.
  - (g) S.I. 2000/5.
  - (h) S.I. 2000/534.
  - (i) S.I. 2001/3554.
  - (j) S.I. 2002/180.
  - (k) The date from which the Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003 apply.

## SCHEDULE 1

Regulation 2(4)

## EXPLANATORY NOTES

**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. Except in the City of London where special arrangements apply, the rates are pooled by central government and redistributed to local authorities according to the number of people living in the area. The money, together with revenue from council tax payers, revenue support grant provided by the Government and certain other sums, is used to pay for the services provided by your local authority and other local authorities in your area.

**Rateable Value**

Apart from properties that are exempt from Business Rates, each non-domestic property has a rateable value which is normally set by the valuation officers of the Valuation Office Agency (VOA), an agency of the Inland Revenue. It draws up and maintains a full list of all rateable values, available on their website at [www.voa.gov.uk](http://www.voa.gov.uk). The rateable value of your property is shown on the front of this bill. This broadly represents the yearly rent the property could have been let for on the open market on a particular date. For the revaluation that came into effect on 1st April 2005, this date was set as 1st April 2003.

The valuation officer may alter the value if the circumstances of the property have changed. The ratepayer (and certain others who have an interest in the property) can also appeal against the value shown in the list if they believe it is wrong. Further information about making appeals can be found on the VOA website or from your local valuation office.

Successful appeals against values shown in the rating list that came into force on 1st April 2005 will normally be backdated to that date, although there are exceptions to this. Further information about these arrangements may be found on the VOA website.

**National Non-Domestic Rating Multiplier**

The local authority works out the Business Rates bill by multiplying the rateable value of the property by the appropriate multiplier. From 1st April 2005 there are two multipliers; the standard non-domestic rating multiplier and the small business non-domestic rating multiplier. The former is higher to pay for small business rate relief. The Government sets the multipliers for each financial year for the whole of England. The Government normally changes both multipliers every year in line with inflation. By law, the multipliers cannot go up by more than the rate of inflation apart from some minor adjustments to counteract losses from appeals and, in relation to the standard multiplier, to pay for small business rate relief. In the year of a revaluation it is set at a level which will keep the total amount raised in rates after the revaluation the same as before, plus inflation for that year. The current multipliers are shown on the front of this bill.

**Transitional Arrangements**

Property values normally change a good deal between each revaluation. Transitional arrangements help to phase in the effects of these changes by limiting increases in bills. To help pay for the limits on increases in bills, there also have to be limits on reductions in bills. Under the transition scheme, limits continue to apply to yearly increases and decreases until the full amount is due (rateable value times the appropriate multiplier).

The scheme applies only to the bill based on a property at the time of the revaluation. If there are any changes to the property after 1st April 2005, transitional arrangements will not normally apply to the part of a bill that relates to any increase in rateable value due to those changes. Any transitional adjustments are shown on the front of this bill.

Further information about transitional arrangements and other reliefs may be obtained from [*insert name of billing authority*] or the website [www.mybusinessrates.gov.uk](http://www.mybusinessrates.gov.uk) .

### **Unoccupied Property Rating**

Business Rates will not be payable in the first three months that a property is empty. After this period, empty rate is charged at 50% of the bill that would have been due had the property been occupied. There are a number of exemptions from the empty rate (e.g. industrial properties and listed buildings and small properties with rateable values of less than £2,200). Full details can be obtained from the local authority.

### **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 to award relief in respect of the unoccupied part. Full details can be obtained from the local authority.

### **Small Business Rate Relief**

This is available at 50% for ratepayers occupying single properties with a rateable value up to £5,000, with relief declining in percentage terms on a sliding scale until it is 0% at £10,000.

The relief is only available to ratepayers with either–

- (a) one property, or
- (b) one main property and other additional properties providing those additional properties have rateable values less than £2,200.

The rateable value of the property mentioned in (a), or the aggregate rateable value of all properties mentioned in (b), must be under £15,000 outside London or £21,500 within London.

The scheme is funded through a supplement on the rate bills of those businesses not eligible for the relief. The supplement is built into the standard non-domestic rating multiplier. However, ratepayers of eligible business properties with rateable values between £10,000 and £15,000 (£21,500 within London) do not have to contribute towards the relief and will have their bills calculated using the lower small business non-domestic rating multiplier.

Ratepayers must apply for the relief each year and must be eligible on the 1st April of each year. If a ratepayer ceases to be eligible on a day during the year in question, the relief will cease on that day. An application for relief must be submitted in writing to the local authority within 6 months of the end of the financial year to which it relates.

Full details on how to apply for this relief are available from the local authority.

### **Charity and Registered 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 Club and is wholly or mainly used for charitable purposes or as a Registered Community Amateur Sports Club.

The local authority has discretion to give further relief on the remaining bill. Full details can be obtained from the local authority.

### **Non-Profit Making Organisation Relief**

The local authority has discretion to give relief to Non-Profit Making Organisations. Full details can be obtained from the local authority.

### **Former Agricultural Premises Relief**

Certain businesses set up on agricultural land or buildings that were previously exempt from the Non-Domestic Rate may be entitled to 50% relief if the property is occupied and the rateable value less than £7,000. The local authority also has discretion to give further relief on the remaining bill. Full details can be obtained from the local authority.

### **Hardship Relief**

The local authority has discretion to give relief in special 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. Appeals against rateable values can be made free of charge. However, ratepayers who do wish to be represented should be aware that members of the Royal Institution of Chartered Surveyors (RICS – website [www.rics.org.uk](http://www.rics.org.uk)) and the Institute of Revenues Rating and Valuation (IRRV – website [www.irrv.org.uk](http://www.irrv.org.uk)) 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.

## SCHEDULE 2

Regulation 2(7)

### EXPLANATORY NOTES

#### **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. Except in the City of London where special arrangements apply, the rates are pooled by central government and redistributed to local authorities according to the number of people living in the area. The money, together with revenue from council tax payers, revenue support grant provided by the Government and certain other sums, is used to pay for the services provided by your local authority and other local authorities in your area.

#### **Rateable Value**

Apart from properties that are exempt from Business Rates, each non-domestic property has a rateable value which is normally set by the valuation officers of the Valuation Office Agency (VOA), an agency of the Inland Revenue. It draws up and maintains a full list of all rateable values, available on their website at [www.voa.gov.uk](http://www.voa.gov.uk). The rateable value of your property is shown on the front of this bill. This broadly represents the yearly rent the property could have been let for on the open market on a particular date. For the revaluation that came into effect on 1st April 2005, this date was set as 1st April 2003.

The valuation officer may alter the value if the circumstances of the property have changed. The ratepayer (and certain others who have an interest in the property) can also appeal against the value shown in the list if they believe it is wrong. Further information about making appeals can be found on the VOA website or from your local valuation office.

Successful appeals against values shown in the rating list that came into force on 1st April 2005 will normally be backdated to that date, although there are exceptions to this. Further information about these arrangements may be found on the VOA website.

### **Special arrangements for the City of London**

As indicated above, because of its special circumstances – notably its very small resident population – the Common Council of the City of London can set its own rate and retain part of the proceeds to help pay for the services it provides. It may set this rate, subject to certain constraints, at a higher or lower level than the rate which applies outside the City of London. The amount it must pay into the central pool (as described above) is reduced by the amount which the Government believes is reasonable for it to retain. These arrangements ensure that the City of London ratepayers and council tax payers each bear an appropriate share of the cost of providing the services which benefit them.

### **The City of London Rating Multiplier**

From 1st April 2005, there are two multipliers; the standard non-domestic rating multiplier and the small business non-domestic rating multiplier. The former is higher to pay for small business rate relief. In addition, the non-domestic rating multipliers for the City of London is the rate which the Common Council levies on each pound of rateable value in order to raise the amount which it is required to pay into the central pool, and the amount which it retains to pay for its own services.

### **Transitional Arrangements**

Property values normally change a good deal between each revaluation. Transitional arrangements help to phase in the effects of these changes by limiting increases in bills. To help pay for the limits on increases in bills, there also have to be limits on reductions in bills. Under the transition scheme, limits continue to apply to yearly increases and decreases until the full amount is due (rateable value times the appropriate multiplier).

The scheme applies only to the bill based on a property at the time of the revaluation. If there are any changes to the property after 1st April 2005, transitional arrangements will not normally apply to the part of a bill that relates to any increase in rateable value due to those changes. Any transitional adjustments are shown on the front of this bill.

Further information about transitional arrangements and other reliefs may be obtained from [*insert name of billing authority*] or from the website [www.mybusinessrates.gov.uk](http://www.mybusinessrates.gov.uk).

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### **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 to award relief in respect of the unoccupied part. Full details can be obtained from the local authority.

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The relief is only available to ratepayers with either–

- (a) one property, or
- (b) one main property and other additional properties providing those additional properties have rateable values less than £2,200.

The rateable value of the property mentioned in (a), or the aggregate rateable value of all properties mentioned in (b), must be under £21,500.

The scheme is funded through a supplement on the rate bills of all businesses not eligible for the relief. The supplement is built into the standard non-domestic rating multiplier. However, ratepayers of eligible business properties with rateable values between £10,000 and £21,500 do not have to contribute towards the relief and will have their bills calculated using the lower small business non-domestic rating multiplier.

Ratepayers must apply for the relief each year and must be eligible on the 1st of April of each year and for each chargeable day for which they are claiming relief in that year. If a ratepayer ceases to be eligible on a day during the year in question, the relief will cease on that day. An application for relief must be submitted in writing to the local authority within 6 months of the end of the financial year to which it relates.

Full details on how to apply for this relief are available from the local authority.

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### **Hardship Relief**

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003 with respect to financial years beginning on or after 1st April 2005.

In relation to non-domestic rates, the 2003 Regulations provide that a rate demand notice must identify the hereditament to which it relates (including its rateable value), explain how the amount required to be paid has been calculated and contain explanatory notes in the prescribed form.

Regulation 2 of these Regulations amends those provisions to reflect changes that are being made to the rating system with effect from 1st April 2005. In particular, the explanatory notes, which are set out in Schedules 1 and 2 to these Regulations, have been updated to outline the more important changes. Regulation 3 of these Regulations revokes, with savings—

- (a) the Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 1993;
- (b) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 1995;
- (c) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 1996;
- (d) article 74 of the Local Authorities (Contracting Out of Tax Billing, Collection and Enforcement Functions) Order 1996, which makes amendments to [...];
- (e) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 1997;
- (f) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) (Rural Rate Relief) Regulations 1998;
- (g) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2000;
- (h) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) (No. 2) Regulations 2000; and
- (i) the Council Tax and Non-Domestic Rating (Demand Notices) (England) (Amendment) Regulations 2002.

£3.00

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Printed and published in the UK by The Stationery Office Limited  
under the authority and superintendence of Carol Tullo, Controller of Her Majesty's  
Stationery Office and Queen's Printer of Acts of Parliament.

E1777 12/2004 141777T 19585

ISBN 0-11-051428-9



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