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STATUTORY INSTRUMENTS

2004 No. 3315

RATING AND VALUATION, ENGLAND

The Non-Domestic Rating (Small Business Rate Relief) (England) Order 2004

Made - - - - *14th December 2004*

Laid before Parliament *14th December 2004*

Coming into force in accordance with article 1

The First Secretary of State, in exercise of the powers conferred by sections 43(4B)(a) and (4C), 44(9) and 143(1) and (2) of the Local Government Finance Act 1988(**a**), hereby makes the following Order:

Citation, application, commencement and interpretation

1.—(1) This Order, which applies to England only, may be cited as the Non-Domestic Rating (Small Business Rate Relief) (England) Order 2004 and shall come into force—

(a) for the purposes of articles 3(3), 4 and 5, on 4th January 2005; and

(b) for all other purposes, on 1st April 2005.

(2) In this Order, "the Act" means the Local Government Finance Act 1988.

Maximum rateable value to be eligible for small business rate relief

2. For the purposes of subsection 43(4B)(a)(i) (mandatory relief for small businesses) of the Act, the amount prescribed—

(a) for a hereditament situated in Greater London, is £21,499;

(b) for a hereditament situated outside Greater London, is £14,999.

Conditions for relief

3.—(1) For the purposes of subsection 43(4B)(a)(ii) of the Act, the conditions to be satisfied, subject to paragraph (4), are the conditions in paragraphs (2) and (3).

(2) The first condition is that on the chargeable day the ratepayer—

(a) occupies only one hereditament in England; and

(b) the rateable value of that hereditament as shown in the local non-domestic rating list for—

(i) the first day of the chargeable financial year;

(ii) the chargeable day; and

(**a**) 1988 c.41. Sections 43(4A) to (4D) and 44(7) to (9) were inserted by section 61 of the Local Government Act 2003 (c.26). *See* section 146(6) for the definition of "prescribed".

(iii) each day (if any) falling after the first day of the chargeable financial year and before the chargeable day,

is not more than the amount prescribed, as regards the hereditament, in article 2.

(3) The second condition is that the ratepayer makes an application to the billing authority concerned in respect of each chargeable financial year by serving it on the authority—

(a) in respect of the financial year beginning on 1st April 2005, no earlier than 4th January 2005; and

(b) in any other case, no earlier than 1st October in the preceding financial year,

and no later than 30th September in the year following the chargeable financial year to which the application relates or where, in relation to the hereditament to which the application relates, the condition in paragraph (2) becomes satisfied due to an alteration of a local non-domestic rating list—

(i) 30th September in the year following the chargeable financial year to which the application relates; or

(ii) the day that falls six months after the date on which the billing authority concerned is notified of the alteration pursuant to regulations under section 55 of the Act (alteration of lists),

whichever is later.

(4) In determining whether the first condition is satisfied for a day the ratepayer's occupation of any other hereditament in England shall be disregarded where—

(a) its rateable value shown in the local non-domestic rating list for that day is not more than £2,199; and

(b) the aggregate rateable value on that day of all the hereditaments the ratepayer occupies in England is not more than the amount prescribed, as regards the hereditament for which relief is sought, in article 2.

The application

4.—(1) An application under section 43(4B)(a)(iii) of the Act shall be in the form specified in the Schedule or a form to the like effect, shall contain the information there specified and shall be signed by the ratepayer or a person authorised to sign on behalf of the ratepayer.

(2) In paragraph (1)—

"person authorised to sign on behalf of the ratepayer" means, where the ratepayer is—

(a) a partnership, a partner of that partnership;

(b) a trust, a trustee of that trust;

(c) a body corporate, a director of that body, and

in any other case, a person duly authorised to sign on behalf of the ratepayer; and

"signature", "sign" or "signed", in relation to an application served, in accordance with article 5, by electronic communication, includes the incorporation in it, or the logical association with it, of an electronic signature, as defined in section 7(2) of the Electronic Communications Act 2000(**a**).

Service of applications

5.—(1) An application under subsection 43(4B)(a)(iii) of the Act shall be served on the billing authority concerned by—

(a) addressing it to the authority; and

(b) delivering it or sending it to the authority's office by post or electronic communication.

(**a**) 2000 c. 7.

(2) Any application sent by electronic communication shall, unless the contrary is proved, be regarded as served when it is received in a legible form.

(3) In this article, "electronic communication" has the meaning given in section 15(1) of the Electronic Communications Act 2000(**a**).

Amount of E

6.—(1) The amount of E prescribed for the purposes of subsection 44(9) of the Act, where the rateable value of the hereditament shown in the local non-domestic rating list for the chargeable day for which small business rate relief is sought—

(a) is not more than £5,000, shall be 2;

(b) is more than £5,000 and not more than £10,000, shall be, subject to paragraph (2), the amount derived from dividing 10,000 by the rateable value of the hereditament shown in the local non-domestic rating list for that day; and

(c) is more than £10,000 and not more than the amount prescribed, as regards the hereditament, in article 2, shall be 1.

(2) Amounts calculated under paragraph (1)(b), shall be calculated to three decimal places only—

(a) adding one thousandth where (apart from this sub-paragraph) there would be more than five ten-thousandths; and

(b) ignoring the ten-thousandths where (apart from this sub-paragraph) there would be five, or less than five, ten-thousandths.

Signed by authority of the First Secretary of State

Nick Raynsford
Minister of State,
Office of the Deputy Prime Minister

14th December 2004

(**a**) 2000 c. 7. Section 15 was amended by paragraph 158 of Schedule 17 to the Communications Act 2003 (c.21).

SCHEDULE Article 4

FORM OF APPLICATION

1. State—

(a) name, address, facsimile number (where applicable), telephone number and electronic mail address (where applicable) of the ratepayer—
……

(b) financial year, or, if part only, the dates within a financial year for which relief is sought—
……

2. Give the full address of—

(a) the hereditament for which small business rate relief is sought—
……

(b) any other hereditament in England the ratepayer occupies—
……

I confirm that the hereditaments listed above are the only hereditaments in England occupied by *[insert name of ratepayer]*

.....

(Signature of the ratepayer / person authorised to sign)

……

(Capacity of person signing)

.....

(Date)

Notes
All hereditaments in England occupied by the ratepayer must be listed. It should be noted that, for any particular day, the billing authority will disregard the ratepayer's occupation of an additional hereditament in England where—

(a) its rateable value shown in the local non-domestic rating list for that day is not more than £2,199; and

(b) the aggregate rateable value on that day of all the hereditaments the ratepayer occupies in England is not more than £21,499 (where the hereditament for which relief is sought is situated in Greater London) or £14,999 (where the hereditament for which relief is sought is situated outside Greater London).

The application must be signed by the ratepayer or a person authorised to sign on behalf of the ratepayer. This means, where the ratepayer is—

(a) a partnership, a partner of that partnership;
(b) a trust, a trustee of that trust;
(c) a body corporate, a director of that body, and

in any other case, a person duly authorised to sign on behalf of the ratepayer.

Warning - it is a criminal offence for a ratepayer to give false information when making an application for small business rate relief.

EXPLANATORY NOTE

(This note is not part of the Order)

Provisions in respect of small business rate relief were inserted into Part 3 of the Local Government Finance Act 1988, with effect from 1st April 2005, by sections 61 and 62 of the Local Government Act 2003.

Article 3 of this Order, which applies in relation to hereditaments in England, together with section 43(4B) of the Act, provide that the conditions to be satisfied to obtain small business rate relief are that—

(a) the hereditament must—

(i) be the only hereditament in England that the ratepayer occupies, except for the hereditaments in England that he occupies that are disregarded in accordance with article 3(4); and

(ii) have a rateable value which is not more than £21,499 for those situated in Greater London and £14,999 for those outside Greater London, and

(b) the ratepayer must apply to the billing authority concerned for the relief, by an application, for which the prescribed form is set out in the Schedule. An application may be served on the billing authority in accordance with article 5.

Article 6 prescribes the amount of E, which determines the amount of relief to be given to a particular hereditament under the formula in section 43(4A)(a) of the Act.

The small business rate relief has two elements. Firstly, hereditaments which satisfy the conditions in article 3 and are shown on a local non-domestic rating list with a rateable value of up to £10,000 will benefit from a percentage reduction in their rates liability of up to 50%. The amount of the reduction provides relief on a sliding scale; the smaller the rateable value, the greater the reduction (up to a maximum of 50%). Secondly, hereditaments which satisfy the conditions in article 3 and are shown on a local non-domestic rating list with a rateable value which is not more than £21,499 for those situated in Greater London and £14,999 for those outside Greater London will have their rates liability under section 43 of the 1988 Act calculated using the lower small business non-domestic rating multiplier (determined under Schedule 7 to the 1988 Act, as amended by the 2003 Act) instead of the standard non-domestic rating multiplier.

A full regulatory impact assessment of the effect that this instrument will have on the costs of business is available from Business Rates Team, Office of the Deputy Prime Minister, Zone 5/H2, Eland House, Bressenden Place, London, SW1E 5DU. A copy can also be found at http://www.local.odpm.gov.uk/finance/busrats1.htm

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