

Some Firms Face 42% Increase in Rate Bills

The Chancellor recently announced that he intends to continue the implementation of the unpopular £6.7m planned changes to business rates by continuing arrangements for Transitional Relief and that businesses with larger premises may face increases of 42% for the 2017/18 tax year (before liability is capped), with future increases in subsequent years.

The rationale for this increased threshold is that it will allow the Government to cover the reductions in liability on properties, where their Rateable Value (RV) was reduced on Revaluation.

When will the new RV come into force?

1 April 2017

What are 'larger premises'?

Properties with a RV in excess of £100,000.

Three tier RV categorisation

Medium sized properties are classed as those with a RV between £28K - £100K in London and £20K elsewhere. These face an increase of 12.5% in 2017/18 rising to 25% in 2020/21.

Small properties, with a RV below £28K/£20K will face a maximum increase in year one base liability of 5%.

(See above for large properties)

What is the purpose of Transitional Relief?

Transitional Relief is designed to smooth the effect on rates liability resulting from a revaluation. It caps upshifts and downshifts in 'base' liability (liability before any supplements are applied) and is designed to be self-funding. The percentage caps annual increases/decreases to phase out the influence of the scheme on liability as the rating list progresses.

The cap on movement in the outgoing year's base liability will phase out over the proposed five-year life of the rating list.

Next Steps

Whilst the organisations which will be most affected will be ratepayers on 'large' properties, in areas where rateable values have increased following the revaluation, all ratepayers who require clarification and/or advise on their RV liabilities should contact a Business Rates Consultant as soon as possible to minimise the risk of over payments.

Issue No. 2

For more information

If you need help to navigate your way through a complicated tax regime and you occupy commercial property in in England, Scotland or Wales, please contact:



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