

Transitional rate relief/Small Business rate relief – BRC Response

The Government has today announced the final details of the Transitional Rate relief and Small Business Rate relief schemes for 2005. This marks the end of a consultation phase which began in June and closed in November. If you are writing on this, please consider the following comment from the British Retail Consortium (BRC) - the key changes are listed below.

BRC Director General, Kevin Hawkins said:

"We broadly welcome the Government's announcement today on transitional rate relief. The BRC believes that a transitional scheme of rate relief is necessary for the vitality of retail in the UK. We are glad we have helped persuade Ministers to adopt a scheme with increases capped at generally acceptable levels, although the scheme announced today still does not offer the level of protection we saw in the 2000 list.

The introduction of the buffer zone before levying a supplement to pay for the small business rate relief is a sensible approach, although we have reservations as to the overall impact of the scheme on the retail sector and the additional cost to many retailers.

Rates liability is best seen over the long term and it is entirely proper that bills should be prevented from rising dramatically in any one year. Phasing in reductions in order to fund the relief offers a balanced and consistent approach across the rates system. Retailers will still experience significant increases in the later years of the scheme and the 2005 revaluation will raise retailers' rates bills more than any other business sector.

We trust that the Government will take this into account when considering the imposition of any additional financial burdens on our industry in the future, and we will continue to remind Ministers of the totality of the financial and regulatory costs with which all retailers are now grappling."

Key changes:

Small business rate relief

As consulted on but some minor modifications. The ratepayer will now be eligible for the relief if all their main properties fall within the appropriate threshold, and the other properties are under a rateable value of £2,200.

Transitional Rate relief

Increases will be capped at the following levels:

- Large properties: 12.5% / 17.5% / 20% / 25%
- Small properties: 5% / 7.5% / 10% / 15%

Reductions in rates bill would be capped at the following levels:

- Large properties: 12.5% / 12.5% / 14% / 25%
- Small properties: 30% / 30% / 35% / 60%