



Federation of Small Businesses
The UK's Leading Business Organisation

East of England Area Policy Unit Briefing Paper

Business Rates

Business rates, or National Non Domestic Rates, are often the third highest area of expenditure for many small businesses. Unlike other business taxes they are payable whether or not the businesses is actually making a profit.

They are calculated using the rateable value of the property and multiplying it by a formula set by central government. The rates are collected by central government and passed back to the Treasury who pass a percentage of the national total back to the authority to help towards general service provision. Unlike council tax no direct services are received by way of payment.

Businesses may be eligible for Small Business Rate Relief. Applications can be made on Properties with a rateable value of less than £5,000 will get 50% rate relief on their liability. Above £5,000 relief is available, but by 1% for every £100, below a maximum rate of £10,000 rateable value.

The relief is only available for ratepayers who either:

- Have one property and are not in receipt of any other relief.
- Have one main property not in receipt of any other relief and other additional properties with values of less than £2,200, to a total value £15,000 outside London or £21,500 inside London.

The money comes from the Treasury not the local authority but only 49% of eligible businesses have applied for relief.

Suggested questions to local councils:

- What is the take up of small business rates relief in your area?
- How are you promoting it to small businesses in your area?