

Easy Read



Llywodraeth Cymru  
Welsh Government

# Changing business rates in Wales

Please tell us what you think



This document was written by the **Welsh Government**. It is an easy read version of '**Reforming Non-Domestic Rates in Wales**'.

**September 2022**

# How to use this document



This is an easy read document. But you may still need support to read it. Ask someone you know to help you.



Words in **bold blue writing** may be hard to understand. You can check what all the words in blue mean on **page 26**.



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Where the document says **we**, this means **Welsh Government**. Other bodies are responsible for some activities to do with business rates, based on the rules we set. For example, the Valuation Office Agency.

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This document was made into easy read by **Easy Read Wales** using **Photosymbols**. To tell us what you think about this easy read version, [click here](#).

# Contents

Page

<b>Introduction.....</b>	<b>4</b>
<b>The changes we want to make to business rates.....</b>	<b>7</b>
1. Updating how much you pay in business rates more often.....	7
2. Reliefs and exemptions.....	13
3. Working out business rates.....	15
4. Improving how we value property and make changes.....	17
5. Changing local taxes in the future.....	23
<b>Tell us what you think .....</b>	<b>25</b>
<b>Hard words.....</b>	<b>26</b>

# Introduction



We want to make some changes to **business rates** in Wales.



Business rates are officially called **Non-Domestic Rates**. Although they are often called business rates, they also apply to other bodies, including charities and public services such as schools and hospitals. We will call them business rates in this document.



Business rates are a tax paid to the Local Authority for **property** that is used for business reasons.

**Property** can include things like:

- Buildings, like shops, offices and factories.
- Boards used for adverts.
- Cables, like telephone cables.
- Public buildings, like hospitals.





Local Authorities use the money they get from business rates to help pay for local services. Like schools and public transport.



It is like the council tax you pay for your home.

You pay business rates if:



- You own property that is used for business.
- You rent property that is used for business.



People who pay business rates are called ratepayers.



This document is about the changes we want to make to business rates.



We think these changes will make business rates fairer and easier for everyone.



We want to know what you think about our suggestions.



You can find out how to let us know what you think on **page 25**.



Please tell us what you think by the end of the day on **14 December 2022**.

# The changes we want to make to business rates

## 1. Updating how much you pay in business rates more often



At the moment how much businesses pay in business rates is checked every 5 years. The **Valuation Office Agency** does this when we ask them to.



The **Valuation Office Agency** carries out tasks for us to help keep business rates running smoothly. This includes working out the rateable value of all properties. They act on their own, following the rules we set them.



This is when we look at whether you are paying the right amount of business rates.



We think 5 years is too long.



Over 5 years there might be lots of changes that will affect how much you should pay.



For example:

- Changes in the cost of running a business.
- Changes to the property itself.



We think we should check business rates every 3 years.



The **Valuation Office Agency** will need information from ratepayers to help with these checks.



## How we check business rates



When we check how much is paid in business rates, we look at how much your property was worth **2 years ago**.



The **rateable value** of your property 2 years ago tells us whether your business rates payments should go up or down.

**Rateable value** is how much money your property would cost to rent for a year.



For example, a check in 2023 will look at how much your property was worth in 2021.

This means there is a gap between:

- Changes to the value of your property and
- Changes to your business rates payments.



We think the gap is too long. We want to make it shorter in future if we can.

## Information from ratepayers



The **Valuation Office Agency** will need information from ratepayers to help us check business rates.

The sort of information you are asked for will depend on whether you:



- Own the property that is used for business.
- Rent the property that is used for business.

You will need to tell us about any changes to:



- The property.
- The business the property is being used for.
- The people who are using the property for business.



You will be able to sign up to an online service to give us this information.



The service will tell you what information we need. And when we need it by.



This will help us to make sure you are paying the right amount in business rates.

## Fines and penalties



A **fine** is money you must pay as punishment for breaking a law. Also called a penalty.

You might have to pay a **fine** if:



- You choose to give us information that you know is not correct.  
In most cases, the largest **fine** for this will be 3% of the value of your property plus £500.

**Or**



In serious cases, the biggest penalty for this could be up to 3 months in prison or a **fine** of £1,000.



- You do not give us the information we need for another reason.  
The largest **fine** for this will be the higher of 2% of the value of your property **or** £900.



You will be sent a letter if we think you should pay a **fine**. This is called a **penalty notice**.

The **penalty notice** will tell you:



- Why you have been given a **fine**.
- How much you need to pay.
- When you need to pay your **fine** by.



If you do not reply to a **penalty notice**, you will have to pay the **fine** plus an extra £60 a day.



You can ask for a review If you think your **fine** is wrong.



You must ask for a review within 30 days of getting a **penalty notice**.

## 2. Reliefs and exemptions

Sometimes there might be reasons that you:



- Are allowed to pay a lower amount of business rates. This is called **relief**.



- Do not have to have your property valued for business rates. This is called **exemption**.



We have lots of **reliefs**, for small businesses, charities, and empty properties.



We have also used **reliefs** to support businesses in the pandemic.



We will be looking at all our **reliefs** to see if they work in the way we want them to.



At the moment we can only make certain rules about **reliefs** and **exemptions**.



This limits the decisions we can make in Wales.



We want to have more control over **reliefs** and **exemptions** in Wales.

We want to be able to:



- Decide who should get relief.
- Decide who does not need to pay business rates.
- Help local authorities to give their own relief to businesses.

### 3. Working out business rates



The amount you pay in business rates depends on the **rateable value**.

How much your property is worth depends on:

- The size of the property.
- Where the property is.
- How the property is used.



The **rateable value** of your property is multiplied by the **national multiplier**.



The **national multiplier** is a number based on the prices of goods and services at the time.



For example:



- If the **national multiplier** is 0.535
- And the **rateable value** of your property is £20,000
- $0.535 \times 20,000 = 10,700$
- The amount you pay in business rates will be **£10,700**.
- **Reliefs** can then lower this amount.



You can also check your your **rateable value** online at <https://www.gov.uk/find-business-rates>.



In Wales the **national multiplier** is the same for all ratepayers.

We think we should be able to set it differently depending on:



- The **rateable value** of your property.
- The business taking place at your property.
- Where your property is.



## 4. Improving how we value property and make changes

### Changes to rateable values



The **rateable value** of your property is checked when we update how much you pay in business rates. Read section 1 for more information.



The **rateable value** will affect how much you pay in business rates.

Updating your property's **rateable value** more often will help us to revalue your property to match changes in:



- The goods and services the country is making and using. This is called the **economy**.
- The usual cost of renting business property at that time.

Your property's **rateable value** might also change if there are changes to:



- The property itself. For example, if you knock walls down inside the property.
- The area the property is in. For example, if a new road means fewer people walk past your shop.

The **rateable value** of your property will not change between checks because of:



- Changes in the law.
- Changes to the rules for some businesses that need a licence to do their work. For example, childcare or taxi driving.
- Advice from a public organisation such as the Police or a Local Authority.

You can ask us to check your **rateable value** if any of the things above cause changes to:



- Your property.
- The area your property is in.

## Completion notices



Local Authorities will send out a **completion notice** for any new buildings.



A **completion notice** tells us the date that the building will be ready to use for business.



When we have the **completion notice** we will check the **rateable value** of the building.

This will tell you how much you need to pay in business rates.



You will have to start paying business rates from the date that the building is ready to use.



Sometimes old buildings are done up instead of building a new one.



There is no **completion notice** for buildings that are done up.

This means we do not always know:



- When a done up building is ready to use.
- When to work out the value of the building.
- When to start charging business rates.



We want to start using **completion notices** for buildings that are done up.

This will mean:



- We know the date the building will be ready to use.
- We can value the building.
- We can start charging business rates at the right time.

## Central rating list

All business properties in Wales are listed.

There are 2 lists:



1. The Local Rating list. There is one kept for each Local Authority.



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2. The Central Rating list. Kept by us at the Welsh Government.



Our list includes property like:

- Cables, for things like internet and telephones.
- Pipelines, for things like gas and water.



At the moment we need to make changes to the law before we can make any changes to our list.



This causes long delays.



We want to have more control over our list. We do not want to have to change the law to say we can make minor changes.

## **A rule to stop people avoiding business rates**



Some ratepayers try to avoid paying the right amount in business rates.



When ratepayers do not pay the right amount in business rates we lose millions of pounds each year.



This is money that should have been used to support community services.



We want a rule to help us deal with people who avoid paying business rates.



We might want to use the rule to give local authorities more power to deal with these ratepayers.



It will be called a **general anti-avoidance rule**.

## 5. Changing local taxes in the future

We have been looking at ways to improve all local taxes, including:



- Council tax and
- Business rates.





In 2021 we wrote a document called Reforming Local Government Finance in Wales: Summary of Findings.

This document looks at starting a local land value tax.



A local land value tax could replace business rates and council tax in the future.

We will:



- Keep looking into having a local land value tax.
- Think about how this would work for Wales.
- Think about how we could introduce it in Wales.



# Tell us what you think



Please tell us what you think about the changes we want to make to business rates in Wales.



Please send us your comments by the **end of the day on Wednesday 14 December 2022.**



You can tell us what you think by filling out our online form.

Or downloading and filling out our response form and sending it:



**By Email to:** [LGFR.Consultations@gov.wales](mailto:LGFR.Consultations@gov.wales)

**By post to:**

Non-Domestic Rates Policy Branch

Welsh Government

Cathays Park

Cardiff

CF10 3NQ.



# Hard words

## Fine

A fine is money you must pay as punishment for breaking a law. Also called a penalty.

## Rateable value

Rateable value is how much money your property would cost to rent for a year.

## Valuation Office Agency

The Valuation Office Agency carries out tasks for us to help keep business rates running smoothly. This includes working out the rateable value of all properties. They act on their own, following the rules we set them.