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**Transitional Relief Explained**

All rateable values are reassessed at a general revaluation. The 2017 revaluation takes effect from 1st April 2017. Revaluations make sure each ratepayer pays their fair contribution and no more, by ensuring that the share of the national rates bill paid by any one ratepayer reflects changes over time in the value of their property relative to others. Revaluation does not raise extra money for Government.

Whilst the 2017 revaluation will not increase the amount of rates collected nationally, within this overall picture, over 7 out of 10 ratepayers will receive a reduction or no change in their bill and some ratepayers will see increases.

For those that would otherwise see significant increases in their rates liability, the Government has put in place a £3.6 billion transitional relief scheme to limit and phase in changes in rate bills as a result of the 2017 revaluation. To help pay for the limits on increases in bills, there also have to be limits on reductions in bills. Under the transitional scheme, limits continue to apply to yearly increases and decreases until the full amount is due (rateable value times the appropriate multiplier). The scheme applies only to the bill based on a property at the time of the revaluation. If there are any changes to the property after 1st April 2017, transitional arrangements will not normally apply to the part of a bill that relates to any increase in rateable value due to those changes. Changes to your bill as a result of other reasons (such as changes to the amount of small business rate relief) are not covered by the transitional arrangements.

The transitional arrangements are applied automatically and are shown on the back of your bill. Further information about your Business Rates bill and other reliefs may be obtained from <http://www.tameside.gov.uk/business/rates>.

More information on the 2017 revaluation can be found at [www.gov.uk/introduction-to-business-rates/revaluation](http://www.gov.uk/introduction-to-business-rates/revaluation)

Please find below information to assist you in understanding your transitional relief/premium:

**Calculation formulas:**

Gross charge = Rateable value as at 01/04/2017 x the appropriate multiplier (see below)

Notional chargeable amount = Rateable value as at 01/04/2017 x

 2017/18 Small business rating multiplier

Base liability = Rateable value as at 31/03/2017 x

 2016/17 Small business rating multiplier

Transitional limit = Base liability x

 Appropriate fraction (see notes)

Transitional premium/relief = Transitional limit - Notional chargeable amount

Transitional chargeable amount = Gross charge + Transitional premium/relief

**Appropriate multipliers to be used:**

Non-domestic multiplier 2017/2018 0.479

Used to calculate the gross charge for all hereditaments with the following circumstances:

* rateable value £51,000 and over
* unoccupied properties regardless of rateable value
* charitable properties regardless of rateable value

Small business multiplier 2017/2018 0.466

Used to calculate the gross charge for all hereditaments with the following circumstances:

* occupied properties with rateable value under £51,000

**Calculating the appropriate fraction:**

The Government has set the maximum increase/decrease allowed before inflation dependant on your 2017 rateable value (RV). The Government have determined that RV’s fall into the following categories:

Small RV = £20,000 or less

Medium RV = £100,000 or less

Large RV = above £100,000

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Small RV** | **Medium RV** | **Large RV** |
| **Limits on increases 2017/2018** | 5.0 % (105/100)\* | 12.5% (112.5/100)\* | 42.0% (142/100)\* |
| **Limits on decreases 2017/2018** | 20.0% (80/100)\* | 10.0% (90/100)\* | 4.1% (95.9/100)\* |

\* These percentages are shown as a fraction in brackets.

To get the appropriate fraction figure you multiply the relevant % by the Retail Price Index figure at September 2016, this being 2% (1.020).

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Small RV** | **Medium RV** | **Large RV** |
| **Appropriate fraction for 2017/2018 increases** | 1.071 | 1.1475 | 1.4484 |
| **Appropriate fraction for 2017/2018 decreases** | 0.816 | 0.918 | 0.97818 |

**Example calculation for decreasing RV (over £51,000) for 2017/18:**

The hereditament’s RV as at 31/03/2017 = £337,500.00

The hereditament’s RV as at 01/04/2017 = £186,000.00

Non-domestic multiplier 2017/2018 = 0.479

Small business multiplier 2017/2018 = 0.466

Small business multiplier 2016/2017 = 0.484

Gross charge = Rateable value as at 01/04/2017 x 2017/18 Non-domestic multiplier

 £186,000.00 x 0.479 = £89,094.00

Notional chargeable amount = Rateable value as at 01/04/2017 x 2017/18 Small business multiplier

 £186,000.00 x 0.466 = £86,676.00

Base liability = Rateable value as at 31/03/2017 x 2016/17 Small business multiplier

 £337,500.00 x 0.484 = £163,350.00

Transitional limit = Base liability x Appropriate fraction (see notes)

 £163,350.00 x 0.978180 = £159,785.70

Transitional premium = Transitional limit - Notional chargeable amount

 £159,785.70 - £86,676.00 = £73,109.70

Transitional chargeable amount = Gross charge + Transitional premium

 £89,094.00 + £73,109.70 = £162,203.70

**Total charge for 2017/18 £162,203.70**

**Example calculation for an occupied increasing RV (under £51,000) for 2017/18:**

The hereditament’s RV as at 31/03/2017 = £7,300.00

The hereditament’s RV as at 01/04/2017 = £16,750.00

Non-domestic multiplier 2017/2018 = 0.479

Small business multiplier 2017/2018 = 0.466

Small business multiplier 2016/2017 = 0.484

Gross charge/

Notional chargeable amount = Rateable value as at 01/04/2017 x 2017/18 small business multiplier

 £16,750.00 x 0.466 = £7,805.50

Base liability = Rateable value as at 31/03/2017 x 2016/17 small business multiplier

 £7,300.00 x 0.484 = £3,533.20

Transitional limit = Base liability x Appropriate fraction (see notes)

 £3,533.20 x 1.071000 = £3,784.06

Transitional relief = Transitional limit - Notional chargeable amount

 £3,784.06 - £7,805.50 = -£4,021.44

Transitional chargeable amount = Gross charge/Notional chargeable amount + Transitional relief

 £7,805.50 + -£4,021.44 = £3,784.06

**Total charge for 2017/18 £3,784.06**

**Example calculation for an unoccupied/charity increasing RV (under £51,000) for 2017/18:**

The hereditament’s RV as at 31/03/2017 = £4,000.00

The hereditament’s RV as at 01/04/2017 = £5,900.00

Non-domestic multiplier 2017/2018 = 0.479

Small business multiplier 2017/2018 = 0.466

Small business multiplier 2016/2017 = 0.484

Gross charge = Rateable value as at 01/04/2017 x Non-domestic multiplier

 £5,900.00 x 0.479 = £2,826.10

Notional chargeable amount = Rateable value as at 01/04/2017 x 2017/18 small business multiplier

 £5,900.00 x 0.466 = £2,749.40

Base liability = Rateable value as at 31/03/2017 x 2016/17 small business multiplier

 £4,000.00 x 0.484 = £1,936.00

Transitional limit = Base liability x Appropriate fraction (see notes)

 £1,936.00 x 1.071000 = £2,073.46

Transitional relief = Transitional limit - Notional chargeable amount

 £2,073.46 - £2,749.40 = -£675.94

Transitional chargeable amount = Gross charge amount + Transitional relief

 £2,826.10 + -£675.94 = £2,150.16

**Total charge for 2017/18 £2,150.16**