

National Non-domestic Rates Explanatory Notes – 2025/26

Non-Domestic Rates or Business Rates is a tax on property recorded in the local rating list.

The revenue collected is spent on provision of local services. Further information may be obtained [from the Governments .GOV Business Rates web page](#). The legislation relating to non-domestic rates can be found in the Local Government Finance Act 1988 and the Collection and Enforcement Regulations 1989 as amended.

Rateable Value

The rateable value is the estimated annual rental value of a commercial property which is calculated by the Valuation Office Agency, who are responsible for maintenance and compilation of the Non-Domestic Rating List. The rateable value broadly represents the yearly rent a property could have been let for on the open market on a particular date specified in legislation. For the current rating list, this date was set as 1 April 2021.

All properties apart from those that are exempt have a rateable value.

The Valuation Office Agency may alter the valuation if circumstances change.

The ratepayer (and certain others who have an interest in the property) can also check and challenge the valuation shown in the list if they believe it is inaccurate. Further information on matters which can be appealed or challenged, including the process for doing so can be found on the [VOA website, find a business rates valuation page](#).

Revaluations

The Valuation Office Agency (VOA) regularly updates the rateable values of all business and other non-domestic properties – properties that are not just private homes – in England and Wales. This is called a revaluation.

Rateable values are the amount of rent a property could have been let for on a set valuation date. For the 2023 valuation that's 1 April 2021. We use these rateable values to calculate business rates bills.

Revaluations are done to reflect changes in the property market, which means that business rates bills are based on more up-to-date information. The last revaluation came into effect on 1 April 2023 and the next one will be 1 April 2026.

Multipliers

The Billing Authority calculates the amount due on each bill by multiplying the rateable value by the relevant multiplier. There are two multipliers: the standard non-domestic rating multiplier and the small business non-domestic rating multiplier. The Government sets the multipliers each financial year, except in the City of London where special arrangements apply.

Up to 31 March 2024 while a property is empty, the rates calculation uses the standard multiplier even if the lower small business rates multiplier applied when the property was in

use. From 1 April 2024 the small business rates multiplier will apply to properties with a rateable value under £51,000.

The Government has confirmed the **small business multiplier** will be frozen at 49.9p and the **standard multiplier** will be updated by September's CPI figure (1.7%), increasing the multiplier to 55.5p.

Transitional Rate Relief

At a revaluation, the rateable value of a property may increase. Transitional relief schemes are introduced at each revaluation to assist those facing a rise in their bills.

This is funded by limiting the reduction in bills to those who have benefitted from the revaluation. The Billing Authority applies transitional relief to bills automatically.

Further information about transitional arrangements can be found [on the Governments .GOV Business Rates web page](#).

Unoccupied Property

In 2007, the Government announced reforms to empty property rates with a view to encourage owners to bring previously empty properties back into effective and efficient use. With effect from 1 April 2008, a three- month exemption can be applied to a property that becomes empty, or in the case of industrial properties, a term of six months exemption can apply. Once the exemption period has expired, 100% of the Business Rate becomes payable.

Rates Mitigation

In recent months, the Supreme Court reiterated the purposive background to the reforms in empty rates legislation. The revenue collected in non-domestic rates is utilised and intended to support the City of Birmingham.

Birmingham suffers from high levels of deprivation in comparison to many other UK core cities. This highlights the importance of revenue collection. Any suspected avoidance or evasion of tax will be scrutinised and challenged where appropriate.

Partially Occupied Property

Where there are short term difficulties with occupation of an entire premise, the Local Authority has the power to exercise discretion and award a part occupied relief. The Council must be satisfied that the condition causing difficulty with occupation is short term.

The Council can treat occupation of part as occupation of the whole and the power to reduce is entirely discretionary and not mandatory. Full details can be obtained from the Local Authority website.

Small Business Rates Relief

Small Business Rate Relief is a mandatory relief. This was introduced by the Government to ease the burden on small businesses.

The amount awarded can be variable and is set by the government. It is normally available for businesses that occupy one property only and whose rateable value falls under a certain threshold. The relevant thresholds for relief are set out in regulation and can be found [on the Governments .GOV Business Rates web page](#).

Supporting Small Business

The new Supporting Small Business (SSB) relief scheme ensures no small business faces a bill increase greater than £50 per month for 2025/26 because of losing eligibility for Small Business Rate Relief or Rural Rate Relief due to the Revaluation which took place 1 April 2023.

Charitable and Discretionary Relief

Charities who occupy a property for wholly and mainly charitable purposes can avail of Charitable Relief at 80%. The Local Authority can exercise discretion to award a further reduction in certain circumstances. Charitable Relief is a mandatory relief. The power to reduce a bill further in respect of wholly charitable purposes is discretionary and dependant on the individual circumstances in a particular case. With effect from 1 April 2024 mandatory relief for charities will be calculated using the small multiplier for those occupying properties with a rateable value of less than £51,000.

Charity and Community Amateur Sports Club Relief

Charities and registered Community Amateur Sports Clubs are entitled to 80% relief where the property is occupied by the charity or the club and is wholly or mainly used for the charitable purposes.

Hardship Relief

Hardship Relief is a discretionary relief. Applications may be considered where awarding such relief is in the interest of the local community and where a similar service or amenity can't be found elsewhere within the city. Hardship may be applicable where to lose an amenity or service would cause adversity to the community.

Other Reductions

For 2025/26 Retail relief will provide eligible occupied properties with a 40% relief, up to a cash cap limit of £110,000 per business.

Further information on this relief type can be found on Business rates relief: Retail, hospitality and leisure relief [please go to the Governments .GOV, Business Rates Relief page.](#)

Further information about temporary reliefs can be found on our website.

Discretionary Reliefs general

Application of most discretionary reliefs must be considered alongside the interests of the taxpayer within the city. Additionally, funding for most discretionary reliefs is borne by the Local Authority. The Local Authority is also required to consider budgetary matters when deciding to award a discretionary relief.

Rating Advisers

Ratepayers do not have to be represented in discussions about their rateable value or their rates bill. However, ratepayers who do wish to be represented should be aware that members of the Royal Institution of Chartered Surveyors (**RICS – [website here](#)**) and the Institute of Revenues, Rating and Valuation (**IRRV – [website here](#)**) are qualified and are regulated by rules of professional conduct designed to protect the public from misconduct. Before you engage a rating adviser or company you should check that they have the necessary knowledge and expertise, in addition to appropriate indemnity insurance.

UK Subsidy Control

The award of discretionary relief is considered financial support and the rules concerning Subsidy Control must be taken into account when applying for any discretionary relief. Further details surrounding this can be found [on the Governments .GOV web site, UK subsidy control regime page](#).

Information Supplied with Demand Notices

Information relating to the relevant and previous financial years regarding the gross expenditure of the local authority is available [from the Councils Business rates main page](#).

A hard copy is available on request by writing to the council or by calling **0121 303 5509**.

Heat Network Relief

You can get heat networks relief if your property is only used or mainly used as a ‘heat network’.

A heat network supplies heating or cooling to other properties from a central source. To be eligible, the heat network must:

take its energy from a low carbon source

supply heating and cooling to other properties - for example, homes, shops, public buildings, hospitals, and offices

The heat network must not supply heat or cooling for industrial use - for example, to create products in factories. Contact the Valuation Office Agency (VOA) to check if your property is eligible for heat networks relief.

Improvement Relief

A new relief has been introduced by the Government from 1 April 2024. For further information, visit [the Governments .GOV, Business Rates Relief web page](#).