

## How Transitional Relief is calculated

### Rateable Value Increases

If your Rateable Value has increased on 1st April 2017 below is an example of how transitional relief is worked out:

- Rateable Value at 31st March 2017 - **£40,000** X Small Multiplier for 2016/17 (£0.484) = **£19,360**
- Rateable Value on 1st April 2017 increases to **£60,000**

The amount that you would normally be charged from 1st April 2017 is:

- Rateable Value at 1st April 2017 - **£60,000** X Small Multiplier for 2017/18 (£0.466) = **£27,960**

The maximum amount that we can increase your bill is what the charge was based on your Rateable Value for 31st March 2017, multiplied by the % increase cap set by the Government, including inflation of 2.00%.

As a medium property, the maximum amount that we can increase your bill by is 14.75%.

This means the maximum that we can charge you for 2017/18 is:

- Rateable Value at 31st March 2017 - (**£40,000**) X Small Multiplier for 2016/17 (£0.484) X 14.75 % = **£22,215.60**

As the maximum that we can charge you for 2017/18 (£22,215.60) is less than what we would normally charge you (£27,960), your account is in transition and there is a transitional adjustment on your bill.

We will not increase your bill in full and you will receive transitional relief of **£5,744.40** and this will be shown on your bill as a transitional adjustment.

This amount is subtracted from your bill so that your increase is phased in each year until we are able to charge you based on your full amount due.

In Business Rates, there are two multipliers specified by Central Government each year. For 2017/18, the Small Business Multiplier is 46.6p and the Standard Business Rate Multiplier is 47.9p. As Transition calculations are always made on the small multiplier, we need to calculate the difference between the multipliers for properties that are not eligible for the small multiplier (this will specifically be vacant properties of any above-zero Rateable Value, charity properties of any above-zero Rateable Value, and any other property whose Rateable Value is above £51,000).

- Standard multiplier (47.9p) – small multiplier (46.6p) = difference between multipliers (**1.3p**)

Now, for any property that is not eligible for the small multiplier, we simply multiply the Rateable Value by the difference between the business rate multipliers, and add the result (the Small Business Supplement) to our billing amount as calculated above.

- Rateable Value at 1<sup>st</sup> April 2017 - **£60,000** X Difference between multipliers (**£0.013**) = **£780**
- Transitional charge amount - **£22,215.60** + Small Business Supplement - **£780** = **£22,995.60**

### Rateable Value Decreases

If your Rateable Value has decreased on 1st April 2017 below is an example of how transitional relief is worked out:

- Rateable Value on 31st March 2017 - **£60,000**

The amount that you would be charged based on last year's Rateable Value is:

- Rateable Value at 31st March 2017 - **£60,000** X Small Multiplier for 2016/17 (**£0.484**) = **£29,040**
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- Rateable Value on 1st April 2017 - **£40,000**

The amount that you would normally be charged from 1st April 2017 is:

- Rateable Value at 1st April 2017 - **£40,000** X Small Multiplier for 2017/18 (**£0.466**) = **£18,640**

The maximum amount that we can decrease your bill is what the charge was based on your Rateable Value for 31st March 2017, multiplied by the % decrease cap set by the Government, including inflation of 2.00%.

As a medium property, the maximum amount that we can reduce your bill by as a % of the 2016/17 charge, is 91.80%.

This means the amount that we can actually charge you for 2017/18 is:

- Rateable Value at 31st March 2017 - **£60,000** X Small Multiplier for 2016/17 (**£0.484**) X 91.80% = **£26,658.72**

We have to phase in the decrease in your Rateable Value so as the amount we actually charge you are more than what we would normally charge you for 2017/18, your account is in transition and there is a transitional adjustment on your bill.

The amount of transition is your charge for 2017/18 (£26,658.72) minus the amount that we would charge you if there was no transition (£18,640), which equals £8,018.72.

In Business Rates, there are two multipliers specified by Central Government each year. For 2017/18, the Small Business Multiplier is 46.6p and the Standard Business Rate Multiplier is 47.9p. As Transition calculations are always made on the small multiplier, we need to calculate the difference between the multipliers for properties that are not eligible for the small multiplier (this will specifically be vacant properties of any above-zero Rateable Value, charity properties of any above-zero Rateable Value, and any other property whose Rateable Value is above £51,000).

Please see above for an example of this calculation.

This amount is added to your bill so that your decrease is phased in each year until we are able to charge you based on your full amount due.

The way that the transitional scheme works is set in legislation by the Central Government so we are only able to ensure that it has been applied correctly, the Local Authority cannot amend the way that the scheme phases in changes. You should pay your bill in line with the instalments stated on it.