

Transitional Rate Relief 2017-18

Transitional relief is a method of limiting or 'capping' any significant variation in your non-domestic rate bill as a result of the revaluation. All non-domestic property has recently been revalued and the new values become effective from April 2017. The cap limits both increases and decreases in rateable value.

Property values can change a good deal between each revaluation. Transitional arrangements help to phase in the effects of these changes by limiting the amount by which a bill may rise or fall following a revaluation.

The formula for the latest scheme is determined by rateable value (RV) and this determines whether your non-domestic property or hereditament is small, medium or large. Small hereditaments in Wiltshire are described as those with a rateable value of less than £20,000, medium hereditaments are those with a rateable value between £20,000 and £100,000. Those with a rateable value over £100,000 are deemed to be large.

The rateable value is multiplied by the rate in the £ pound to determine the rates payable. The rate in the £pound will be shown on your bill.

The formula for calculating transitional relief involves a comparison of what you would have paid in rates for the year prior to revaluation, (known as base liability). The first phase of the calculation establishes whether your rateable value has altered significantly either up or down. Having established that the rateable value has significantly decreased or increased a further, the base liability is then used to set the limit on any increase or decrease. The base liability is multiplied by a further formula called the appropriate fraction (this figure is found by taking an inflation fraction shown on your bill and multiplying it by the percentage figures, set out below). Multiplying the base liability with the appropriate fraction determines the amount you pay.

Where the new rateable value (multiplied by the new rate in the £) exceeds the base liability (multiplied by the appropriate fraction or AF) by more than the percentages set out below, then the transitional cap is automatically applied to your bill.

Under the transitional relief scheme, limits continue to apply to yearly increases and decreases until the full amount is due (rateable value times the multiplier).

Once the bill is subject to the formula, then any mandatory or discretionary relief or small business rate relief is then applied.

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 the revaluation date, transitional arrangements will not normally apply to the part of a bill that relates to any increase in rateable value due to those changes. Any transitional adjustments will be shown on the front of your bill. An 'upward cap' limits overall impact of an excessive increase in rateable value whilst a 'downward cap' limits any significant reduction in rateable value.

Transitional Arrangements for 2017 revaluation (before inflation) funded by 3 caps on reductions

	2017/18	2018/19	2019/20	2020/21	2021/22
Upwards Cap					
Small	5.0%	7.5%	10.0%	15.0%	15.0%
Medium	12.5%	17.5%	20.0%	25.0%	25.0%
Large	42.0%	32.0%	49.0%	16.0%	6.0%
Downwards Cap					
Small	20.0%	30.0%	35.0%	55.0%	55.0%
Medium	10.0%	15.0%	20.0%	25.0%	25.0%
Large	4.1%	4.6%	5.9%	5.8%	4.8%

Note: these are year on year caps on increases. For instance, the maximum increase for small properties over 5 years would be 64%. But a small property with an increase of 7% would reach their full bill in year 2. Medium is above £20,000. Large above £100,000.