



Business rates: a definition and guide to how much you need to pay

by Sam Bromley

Hello, we are Simply Business

one of the UK's largest business insurance providers. Since we started life in 2005, we've helped three million small businesses and self-employed people find the protection that's right for them, from builders to bakers and personal trainers (we cover landlords, too).

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Business rates can be a headache for many small businesses. But if you have business property (or in some cases if you work from home), you should get to grips with business rates and how much you need to pay.

Business rates definition

Business rates are a tax on property used for business purposes. They're charged on properties like offices, shops, pubs, and warehouses – most non-domestic properties will attract business rates. They may also be charged where only part of a building is used for non-domestic purposes.

How much are business rates?

Business rates are calculated using a property's 'rateable value'. The rateable value is a property's estimated value on the open market. The last revaluation, conducted by the Valuation Office Agency (VOA) and which came into effect on 1 April 2017, refers to values as of 1 April 2015. Revaluation usually happens every five years.

It's possible to estimate your business rates by multiplying your property's rateable value by the relevant number – there's more on this below.

Business rates and coronavirus

The government is introducing a business rates holiday for businesses in the retail, leisure and hospitality sectors to help them through disruption caused by Covid-19.

These businesses won't have any business rates to pay in 2020-21. Nurseries in England will also get a year off paying business rates for tax year 2020-21.

The government has pledged to review the business rates system as a whole and will publish its findings in the autumn.

[Read more about the government's coronavirus support for small businesses and the self-employed.](#)

What if I think my rates are wrong?

It's not uncommon for business rates payers to believe their rateable value is wrong. And if your rateable value is wrong, your business rates could be too.

First, you should check the VOA's rateable value for your property. You might also consider comparing it with other similar properties in your area. If you still suspect your rateable value is wrong, you can apply to have it changed.

The government has a tool for [checking your rateable value and applying to have it revised](#).

What is the Small Business Rate relief?

There are a range of reliefs available for some properties. The most useful for small firms is the small business rate relief. This is available if your property has a rateable value of less than £15,000, and generally if your business only uses one property.

Full relief is available on properties with a rateable value of £12,000 or less.

For those between £12,001 and £15,000, relief goes down gradually from 100 per cent to zero per cent.

If you're a small business but you don't qualify for small business rate relief, your bill will still be worked out using the lower small business multiplier (for properties with a rateable value below £51,000).

There are other business rates reliefs available, including the rural rate relief and charitable rate relief. You can read more about these on the [government website](#).

What if I work from home?

You won't generally have to pay business rates if you use a small part of your home for business purposes. However, you will have to pay business rates in some circumstances, on top of Council Tax. For example, if:

- your property's split into domestic and business parts, for example in the case of a flat above a shop
- you sell things to people who visit the property
- you employ anyone at your property

If you're not sure whether or not you should be paying business rates, you should contact the Valuation Office Agency.

Business rates calculator

If you want to estimate your business rates bill, you'll need to [find out your property's rateable value](#).

This enables you to find the correct multiplier, which will depend on the rateable value. Then, deduct any reliefs you're entitled to.

You can [use the government's business rates calculator](#).

This article is a guide only – but for more help with business rates, the government says you can contact qualified surveyors.

They list the [Royal Institution of Chartered Surveyors \(RICS\)](#), the [Institute of Revenues, Rating and Valuation \(IRRV\)](#) and the [Rating Surveyors Association](#).



Further reading

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