

2.2 BUSINESS IMPROVEMENT DISTRICT SCHEMES (ENGLAND, WALES AND SCOTLAND); BUSINESS RATE SUPPLEMENTS (ENGLAND); AND COMMUNITY INFRASTRUCTURE LEVY (ENGLAND AND WALES)

2.2.2 Accounting Requirements

Business Rate Supplements

- 2.2.2.2 The collection of a Business Rate Supplement by a billing authority that is not a levying authority is in substance an agency arrangement, and shall be accounted for in accordance with section 2.6 of the Code.
- 2.2.2.3 BRS income is not the income of a billing authority that is not a levying authority and shall not be included in its Comprehensive Income and Expenditure Statement. Amounts deducted from BRS income to meet administrative expenses are a billing authority's income and shall be included in the Comprehensive Income and Expenditure Statement on an accruals basis.
- 2.2.2.4 Levying authorities shall account for BRS income in the ~~relevant service revenue account(s)~~ Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement.
- 2.2.2.5 A levying authority may only use BRS income to finance a project to which the Business Rate Supplement relates. A levying authority is also required to refund ~~BRS~~ levies that have not been used to finance a project where the imposition of the Business Rate Supplement has come to an end (see also paragraph 2.2.2.7). BRS income is therefore subject to a condition, and authorities shall initially recognise receipts of BRS levies as a creditor. A levying authority shall recognise BRS levies as income in the Comprehensive Income and Expenditure Statement at the point the condition is satisfied (ie at the point the related expenditure, whether revenue or capital, is incurred).
- 2.2.2.6 Revenue expenditure relating to a BRS project shall be recognised as expenditure in the relevant service revenue account(s) as it is incurred. Capital expenditure relating to a BRS project shall be recognised ~~either as an asset, or as~~ Any BRS expenditure meeting the definition of Revenue Expenditure Funded from Capital under Statute shall be accounted for in accordance with the requirements of ~~(see~~ section 4.6 of the Code).
- 2.2.2.7 Where, at the end of ~~a~~ an imposition of a BRS project, a levying authority is required to refund business ratepayers for unused levies, refunds shall be charged to the creditor as this represents unapplied BRS levies. Where the authority is not required to refund business ratepayers the creditor shall be transferred to the ~~relevant service revenue account(s)~~ Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement. These transactions must be carried out in accordance with

[the requirements of BRS legislation.](#)

2.2.3 Statutory Accounting Requirements

Business Rate Supplements

- 2.2.3.2 A levying authority shall transfer an amount equal to the BRS income recognised in the financial year (net of administrative expenses) from its General Fund to its Business Rate Supplement Revenue Account; this transfer shall be reported in the Movement in Reserves Statement. Any difference between the cumulative income transferred to the Business Rate Supplement Revenue Account and the amount required by regulation to be transferred to that account shall be credited or debited to that account, with the corresponding debit or credit being made to the Collection Fund Adjustment Account.
- 2.2.3.3 Where revenue expenditure is incurred in respect of a BRS project, a levying authority shall transfer an amount equal to that expenditure from the Business Rate Supplement [Revenue](#) Account to the General Fund as the expenditure is incurred. Where capital expenditure in respect of a BRS project is funded directly from BRS levies, a levying authority shall transfer an amount equal to the capital expenditure from the Business Rate Supplement [Revenue](#) Account to the Capital Adjustment Account as the capital expenditure is incurred. Where capital expenditure in respect of a BRS project has been funded from borrowing, a levying authority shall transfer from its Business Rate Supplement Revenue Account to its General Fund an amount equal to the sum of the Minimum Revenue Provision and interest charged to the General Fund in the year in respect of the BRS project. These transfers shall be reported in the Movement in Reserves Statement. Depreciation and impairment of assets financed from BRS levies are not BRS expenditure.
- 2.2.3.4 Where the Business Rate Supplement Revenue Account is in deficit, a levying authority shall transfer an amount equivalent to the deficit from its General Fund to the Business Rate Supplement Revenue Account; this transfer shall be reported in the Movement in Reserves Statement.
- 2.2.3.5 Where the Business Rate Supplement Revenue Account is in surplus, a levying authority shall transfer the surplus to its General Fund to the extent that this reverses any amounts charged to that fund in the ten years immediately preceding the financial year; this transfer shall be reported in the Movement in Reserves Statement.
- 2.2.3.6 Where, at the end ~~of a BRS project~~ [of the imposition of a BRS](#), the Business Rate Supplement Revenue Account is in surplus, this amount shall be transferred to the Collection Fund Adjustment Account.

Community Infrastructure Levy

- 2.2.3.7 Income from CIL charges, with the exception of amounts applied in accordance with the CIL Regulations to meet administrative expenses, must be applied to fund infrastructure to support the development of the area.

2.2.3.8 Where CIL charges are to be applied to fund capital expenditure, the CIL charges shall be transferred from the General Fund to the Capital Grants Unapplied Account. When CIL charges have been applied to fund capital expenditure the CIL charges shall be transferred from the General Fund to the Capital Adjustment Account.

2.2.3.9 Where CIL charges are to be applied to fund revenue expenditure (such as administration expenses), the CIL charges shall not be transferred out of the General Fund.

2.2.6 Changes since the 2010/11 Code

2.2.6.1 Business Rate Supplements came into force in England after the 2010/11 Code had been prepared. The 2011/12 Code incorporates these regulations for the first time; however the provisions in respect of BRS apply from 1 April 2010.

2.2.6.2 The CIL Regulations were introduced in England and Wales after the publication of the 2010/11 Code. The 2011/12 Code incorporates these regulations for the first time; however the regulations apply from 6 April 2010.

2.2.6.3 The 2011/12 Code Update (and the 2012/13 Code) includes clarification on the recognition of BRS income and other minor clarifications.

2.2.6.4 The 2011/12 Code Update (and the 2012/13 Code) includes additional commentary on the treatment of CIL charges on application to capital expenditure.