



**NORTH HERTFORDSHIRE DISTRICT
COUNCIL**

CUSTOMERS DIRECTORATE

**BUSINESS RATES
RETAIL DISCOUNT SCHEME
FROM 1 APRIL 2019
TO 31 MARCH 2021**

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Business Rates Retail Discount Scheme

1. Introduction

- 1.1 In the Budget on 29 October 2018, the Chancellor of the Exchequer announced that the Government would make available support for retail premises with a rateable value of under £51,000. This would be in the form of a reduction of one third of the net Business Rates payable after the application of all other Reliefs.
- 1.2 The scheme will operate for the financial years 2019/2020 and 2020/2021 only.
- 1.2 This is to be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988 as amended by section 69 of the Localism Act 2011.
- 1.3 Both the District Council and County Council will be fully reimbursed for the lost Business Rates income through section 31 grant funding.

2. Qualifying Criteria

- 2.1 Business Rates Retail Rate Discount will be awarded if:-
- i The property has a rateable value below £51,000.
 - ii The property is occupied
 - iii That the property is wholly or mainly used as a shop, restaurant, cafe or drinking establishment. More specifically, the type of business which would qualify includes:

Properties used for the provision of services to the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

Properties used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops

- Pubs
- Bars

The above list is not exhaustive and there may be other types of business that qualify, which will be considered on a case by case basis.

The types of businesses that definitely will not qualify include:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices

vi The award of Discount complies with EU law on State Aid:

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary Reliefs or Discount to ratepayers is likely to amount to State Aid. However the support for ratepayers will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013).

The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). There are certain types of undertaking that are excluded from receiving De Minimis aid. Any aid to be considered De Minimis is required to be converted into Euros.

To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation).

3. Applications

- 3.1 There will be no formal application process. The Council will use its best endeavours to identify all qualifying businesses and apply the Discount automatically.
- 3.2 It is possible that some qualifying businesses may not be identified and the Council will consider a request from any business that feels that it qualifies for Retail Rate Discount.
- 3.3 The Council has to apply Retail Rate Discount after all other Reliefs have been applied. There are a small number of businesses that qualify for Revaluation Rate Relief that the Council has to calculate manually after the Rates liability for each year has been calculated. Consequently, these businesses will not receive their annual bills until after 1 April in each year.

4 Legal Requirements

- 4.1 The Scheme will be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988 as amended by section 69 of the Localism Act 2011.

5 Financial Impact

- 5.1 Both the District Council and County Council will be fully reimbursed for the lost Business Rates income through section 31 grant funding.

6 The Decision Making Process

- 6.1 The Council will as far as it is able automatically determine those properties that will qualify for Retail Rate Discount. This is in line with the Government's expectations that businesses will not be required to make a formal application.
- 6.2 Any business that is not automatically awarded Retail Rate Discount that believes it should qualify, should notify the Council's Revenue Services and the matter will be reviewed on a case by case basis.

7 Period of Discount

- 7.1 Where awarded, Discount under this scheme will be granted only to the end of the relevant financial year.
- 7.2 The scheme is scheduled to operate for two financial years, 2019/2020 and 2020/2021.
- 7.3 The Council will instead use its own records to ensure that each business continues to qualify and make the award accordingly for each year. The award for each year is an award for that year only and will end on 31 March of each year.
- 7.4 The only qualifying criterion which the Council cannot check from its own records is that on compliance with the State Aid Rules. When notifying of the award, the Council will provide a form for completion by the business proprietor to refuse the Discount if the business believes that it will exceed the State Aid Rules.
- 7.5 In all cases Discount will end in the following circumstances (NB where eligibility ends during the financial year the Discount will be pro rata to the last day of entitlement):
- a) The end of the statutory period for which Discount may be allowed;
 - b) The end of the financial year;
 - c) The property becoming unoccupied;
 - d) The ratepayer ceasing to be the person or organisation liable to pay non-domestic rates in respect of the property;
 - e) The commencement of a further award in respect of the property;
 - f) The council is unable to verify, following reasonable notice, that the property remains occupied;
 - g) A change in rateable value excludes the ratepayer from entitlement.

7.6 It is also important to note that under the Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059)¹ authorities are required to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can normally only take effect at the end of a financial year. However within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria or rules for calculating Discount which allow the amount of Discount to be amended within the year to reflect changing circumstances.

8 Calculation of Discount

8.1 The Discount awarded will be calculated as one third of the net Business Rates payable after all other Reliefs have been applied.

8.2 The Discount will apply to any retail property as detailed in Section 2 above with a Rateable Value of less than £51,000.

8.3 Should a Rateable Value reduce from £51,000 or above to below that value, Discount will be awarded from the date of the revaluation or from 1 April 2019, whichever is the latest.

9 Notification of Decision

9.1 Businesses that qualify for Retail Rate Discount will be notified by way of a Business Rates Bill detailing the award. With each bill confirming the award will be a form to complete refusing the award if the business is not entitled to the award because it does falls outside the State Aid De-Minimis Regulations. It is the responsibility of the business to ensure that it does comply with the State Aid De-Minimis Regulations.

10 Rights of Appeal

10.1 There is no statutory right of appeal against a decision to award Discount under this scheme made by the Council because the award is discretionary. However, the Council recognises that customers should be entitled to have a decision objectively reviewed if they are dissatisfied with the outcome.

10.2 Any business proprietor, who has been refused a Discount under this Scheme should, in the first instance detail in writing their reasons for not agreeing with any decision, to the Systems & Technical Manager in the Customers Department, District Council Offices, Gernon Road, Letchworth Garden City, Herts SG6 3JF or by email to revenues@north-herts.gov.uk. A request for a review must be made within four weeks of notification of the decision and must set out the reasons for the request and any supporting information.

10.3 Should the applicant still be aggrieved having received a response to the first "review" they should then write to the Service Director - Customers, at the same address as in 10.2 above within a further two weeks of receiving the first review decision.

11 **Policy Review**

- 11.1 This Scheme is implementing Government policy as is intended to last from 1 April 2019 to 31 March 2021 unless the Government changes its view.

Addendum

12 **Budget Announcement 11 March 2020**

- 12.1 In the Budget announced on 11 March 2020, the Chancellor of the Exchequer announced changes to the Scheme for 2020/2021.
- 12.2 For 2020/2021 the Scheme will provide 100% Relief for qualifying properties with a rateable value under £51,000