



## **NATIONAL NON-DOMESTIC RATES**

### **PUB DISCOUNT SCHEME**

**2020-21**

## **1. Introduction**

The Government recognises the important role that pubs play in urban and rural communities across the country. In a Written Ministerial Statement on 27 January 2020, the Financial Secretary to the Treasury announced a £1,000 business rate discount for public houses with a rateable value of less than £100,000 for one year from 1 April 2020.

As this is a measure for 2020-21 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in this policy, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.

Local billing authorities are required to adopt a local scheme and determine in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to apply and grant relief to qualifying ratepayers from the start of the 2020-21 billing cycle.

Ratepayers will be entitled to relief subject to State Aid De Minimis limits.

## **2. Properties that will benefit from the Pubs Discount 2020/21 Scheme**

This section describes in principle the Pubs Discount 2020/21 scheme. Local authorities are required to use this guidance to determine eligibility for the relief. The scheme will be available to eligible occupied properties with a rateable value of less than £100,000. The majority of pubs are independently owned or managed and will not be part of chains. Where pubs are part of a chain, relief will be available for each eligible property in the chain, subject to meeting State Aid requirements.

There is no definitive description of a traditional pub or public house in law which could be readily used by local authorities to determine eligibility. The objective has been to adopt an approach that makes the design and eligibility of the scheme easy to implement by local authorities in a clear and consistent way, is widely accepted by the industry and which is consistent with the Government's policy intention as set out in this section.

The Government's policy intention is that eligible pubs should:

- be open to the general public
- allow free entry other than when occasional entertainment is provided
- allow drinking without requiring food to be consumed
- permit drinks to be purchased at a bar

### **3. Properties that will not benefit from the relief**

The Government considers the following properties as not eligible for the discount:

- restaurants
- cafes
- nightclubs
- hotels
- snack bars
- guesthouses
- boarding houses
- sporting venues
- music venues
- festival sites
- theatres
- museums
- exhibition halls
- cinemas
- concert halls
- casinos

The proposed exclusions in the above list is not intended to be exhaustive and it will be for the local authority to determine those cases where eligibility is unclear

### **4. Calculation of Relief**

The total amount of government-funded relief available in the year 2020-21 under this scheme is £1,000 per eligible property. There is no relief available under this scheme for properties with a rateable value of £100,000 or more. Eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

This relief should be applied to bills after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, including the retail discount, but excluding those where local authorities have used their discretionary relief powers under section 47 which are not funded by section 31 grants.

Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid De Minimis limits

### **5. State Aid**

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Retail Relief 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).

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. The Ratepayer will be required to declare if the award of relief will exceed its De Minimis threshold.