



## **NATIONAL NON-DOMESTIC RATES**

### **RETAIL RELIEF SCHEME**

**2020-21**

## 1. Introduction

The Government announced in the Budget on 29 October 2018 that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. In a Written Ministerial Statement on 27 January 2020 the Government announced that it would extend the value of the Retail Discount from one third of the bill to 50% in 2020/21. This relief will apply to occupied retail properties with a rateable value of less than £51,000 in the year 2020/21. Where an authority applies a locally funded relief under section 47 this must be applied after the Retail Discount and, where appropriate, the 2020/21 pubs discount

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 Retail Relief**

Properties that will benefit from the relief will be occupied hereditaments (or retail properties) with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes, drinking establishments, cinemas and live music venues.

To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, café, drinking establishment, cinema or live music venue. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

The Government consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

### **Hereditaments that are being used for the sale of goods to visiting members of the public:**

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc.)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

### **Hereditaments that are being used for the provision of the following services to visiting members of 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

**Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:**

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

**Hereditaments which are being used as cinemas**

**Hereditaments that being used as live music venues:**

- live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, further guidance will be sought by reference to Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003.

The list set out above is not intended to be exhaustive. The authority will determine whether particular properties not listed are broadly similar in nature to those above and, if so, consider them eligible for the relief.

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

The Government does not consider retail use for the purposes of this relief as:

**Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- 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

Or, **Hereditaments that are not reasonably accessible to visiting members of the public**

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

The total amount of government-funded relief available for each property for 2020-21 under this scheme is 50% of the bill, after mandatory reliefs and with the exception of the 2020-21 pubs discount, other discretionary reliefs funded by section 31 grants have been applied. There is no relief available under this scheme for properties with a rateable value of £51,000 or more.

The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

The following formula will be used to determine the amount of relief to be granted for a chargeable day for particular hereditament in the financial year:

Amount of relief to be granted =

$$\frac{V}{2} \text{ where}$$

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act 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.