



NEW FOREST DISTRICT COUNCIL
NATIONAL NON-DOMESTIC RATES
RETAIL DISCOUNT POLICY

NATIONAL NON-DOMESTIC RATES RETAIL DISCOUNT POLICY

1. Introduction

In the Budget on 29 October 2018, the Chancellor announced that a new discount for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019/20 and 2020/21. The value of the discount will be one-third of the bill. 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 to 50% in 2020/21.

This document provides guidance concerning the operation and delivery of the policy.

2. Legislation

The Government is not changing the legislation. Instead the Government will, in line with the eligibility criteria for the discount, reimburse billing authorities that use their discretionary relief powers, under Section 47 of the Local Government Finance Act 1988, as amended, to grant the discount.

Central government will fully reimburse local authorities for the local share of the discretionary relief Scheme (using a grant under section 31 of the Local Government Act 2003).

In view of the fact that such expenditure will be reimbursed, the Government expects billing authorities to grant Retail Discount to all qualifying ratepayers.

3. Who is eligible for the relief?

Properties that will benefit from the discount will be *occupied* hereditaments with a rateable value less than £51,000 and are wholly or mainly being used as shops, restaurants, cafes and drinking establishments, and from 1 April 2020 cinemas and live music venues. Hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the discount.

The Ministry of Housing, Communities and Local Government (MHCLG) issued guidance to local authorities to identify the types of hereditament they consider to be qualifying premises for the purposes of reimbursement to local authorities by Central Government via a grant under Section 31 of the Local Government Act 2003.

The MHCLG guidance is available to view at:

<https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>

This local policy is consistent with the guidance.

The list is not intended to be exhaustive and the Council will need to determine for itself whether particular properties not listed are broadly similar in nature and if so, to consider them eligible for the discount. Conversely, properties that are not broadly similar in nature to those listed should not be eligible for the discount.

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, 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)

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

- Hair and beauty services (such as: hairdressers 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
- iii. 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

From 1 April 2020 the following hereditaments will be eligible for the discount.

iv. Hereditaments which are being used as cinemas

v. Hereditaments that are 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 the relief where a venue is wholly or mainly used as a nightclub or a theatre.
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities are merely ancillary or incidental to the performance of live music or do not affect the fact that the primary activity for the premises is the performance of live music, In addition to the hereditaments set out in **i. to iii.** above, the list below sets out the types of uses that Government does not consider to be retail and will not be eligible for the discount for the purpose of this policy.

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vi. 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, bureau 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 office

vii. Hereditaments that are not reasonably accessible to visiting members of the public

Hereditaments for assembly or leisure uses beyond those listed above are not considered to be retail uses for the purpose of the discount. For example theatres and museums are outside of the scope of this policy, as are nightclubs. Hereditaments used for sport or physical recreation (e.g. gyms) are also outside the scope of the discount.

4. How much relief will be available?

The amount of government funded discount available for each hereditament under the scheme is one-third of the bill for 2019/20 and 50% for 2020/21, after mandatory rate reliefs and discretionary reliefs funded under Section 31 grants have been applied, for example the small business rates relief.

There is no discount available for hereditaments with a rateable value of £51,000 or more.

5. Award Period

The Government have stated that the scheme only applies for the 2019/20 and 2020/21 years.

Where there is a change of circumstances, such that the eligibility criteria shown above are no longer met e.g. the rateable value increases above the maximum threshold, the decision to award retail discount will be reviewed and where necessary the amount of discount will be recalculated and amended.

6. Applications for Retail Discount

For 2020/21 the Revenues Team will review our business rate system and where a ratepayer is currently in receipt of the discount the percentage reduction will be

increased from one-third to 50%. The team will also continue to try and identify potential recipients. Text will be added to the business rates bill and our website.

7. 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 this 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).

It is important to establish that the awarding of aid will not result in the undertaking having received more than €200,000 of *de minimis* aid. This is particularly applicable where the ratepayer is part of a chain. With this in mind the rate relief application will include a declaration to be completed by the ratepayer relating to state aid compliance.

Although the UK has left the EU, there is an Implementation Period, and the State Aid rules will continue to apply.

8. Decision Making

Decisions will be made by the Business Rate team, in conjunction with the Revenues Manager, in accordance with the eligibility criteria.

Applicants will be notified of the outcome of their application and if unsuccessful, will be given the opportunity to appeal the decision.

9. Appeals

An appeal against a decision not to award retail discount will be considered by the Service Manager (Revenue and Benefits). The outcome of the appeal will be communicated in writing within one month of receipt.