



**NEW FOREST DISTRICT COUNCIL**

**NATIONAL NON-DOMESTIC RATES**

**SUPPORTING SMALL BUSINESS**  
**RATE RELIEF POLICY**

## **NATIONAL NON-DOMESTIC RATES SUPPORTING SMALL BUSINESS RATE RELIEF POLICY**

### **Introduction**

Prior to 1 April 2017, eligible ratepayers with a rateable value less than or equal to £6,000 were entitled to 100% small business rate relief. Those with a rateable value of between £6,000 and £12,000 received tapered relief from 100% to 0%.

From 1 April 2017, these thresholds were increased to £12,000 for the 100% relief and £15,000 for the tapered relief. This means that most ratepayers entitled to small business rate relief as at 31 March 2017 will pay less or nothing following the revaluation.

However, in a small number of cases, ratepayers who are subject to a significant increase in their rateable value effective from 1 April 2017 as a consequence of the general revaluation have lost some or all of their small business rate relief and even with the introduction of the transitional rate relief scheme face a large increase in their business rate liability.

Similarly, prior to 1 April 2017, the sole post office, general store, pub or petrol station in rural settlements were (subject to rateable value thresholds) entitled to 50% rate relief. This increased to 100% relief from 1 April 2017. However, some ratepayers may lose that entitlement from 1 April 2017 if their rateable value increases above the threshold due to the general revaluation.

In the Spring Budget, the Chancellor announced that a new scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief due to the revaluation.

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

### **Legislation**

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

Central government will fully reimburse local authorities for the local share of the Supporting Small Businesses relief (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 Supporting Small Businesses relief to all qualifying ratepayers.

## **Who is eligible for the relief?**

The Supporting Small Businesses relief will help those ratepayers who occupy a business and who as a result of the change in their rateable value at the revaluation are losing some or all of their small business or rural rate relief and, as a result, are facing large increases in their bills.

A change of ratepayers will not affect eligibility for the Supporting Small Businesses relief scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club

Those ratepayers who during 2016/17 lost entitlement to small business rate relief because they failed the 2nd property test but have, under the rules for small business rate relief, been given a 12 month period of grace before their relief ends, can continue on the scheme for the remainder of their 12 month period of grace.

## **How much relief will be available?**

To support these ratepayers, the Supporting Small Businesses relief will ensure that the increase per year in the bills of eligible ratepayers is limited to the greater of:

- a. a percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation. Unlike the transitional relief scheme, for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief , or
- b. a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief are brought into paying something.

In the first year of the scheme, this means all ratepayers losing some or all of their small business rate relief or rural rate relief will see the increase in their bill capped at £600. The cash minimum increase is £600 per year thereafter. This means that ratepayers who are currently paying nothing under small business rate relief and are losing all of their entitlement to relief (i.e. moving from £6,000 rateable value or less to more than £15,000) would under this scheme be paying £3,000 in year 5.

Ratepayers will remain eligible for Supporting Small Businesses rate relief for either the full 5 years or until they reach the bill they would have paid without the scheme.

## **Award Period**

Supporting small business rate relief will be awarded for a maximum of 12 months, to the end of the financial year in question.

At the end of each financial year, the account will be reviewed and if appropriate, rate relief will be awarded for a further 12 months.

Where there is a change of circumstances, such that the eligibility criteria are no longer met e.g. the ratepayer vacates the hereditament or there is a change to the rateable value of the hereditament, the decision to award rate relief will be reviewed and where necessary the amount of relief will be recalculated and amended.

## **Applications for Supporting Small Business Rate Relief**

Due to the nature of the relief scheme and eligibility criteria, it's unlikely we will receive unsolicited enquiries from ratepayers. The Council will work with our software supplier, Northgate Public Services to identify potential recipients.

We will award the Supporting Small Business Rate Relief to those ratepayers who are eligible and notify them of the amount of the award and the period of the award.

## **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)<sup>2</sup>.

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).

However, given that the relief criteria applies where the ratepayer received / continues to receive small business rate relief (which itself concerns ratepayers who principally occupy 1 property) or rural settlement rate relief where ratepayers occupy small hereditaments, it's highly unlikely that any ratepayers will be subject to state aid restrictions.

## **Decision Making**

Initial decisions will be made by members of the business rate team, in conjunction with the Revenues Manager, in accordance with the eligibility criteria.

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

## **Appeals**

An appeal against a decision not to award rate relief will be considered by the Service Manager (Housing and Community). The outcome of the appeal will be communicated in writing within 28 days of receipt.

## **Additional Information**

The Department for Communities and Local Government have provided information and guidance about the rate relief scheme. This forms part of this policy and is included at **ANNEXE A**.