

**Business Rates policy for new reliefs. The policy is for businesses facing significant rates increases after the business rates revaluation for 2017. Including the local newspaper relief.**

1.0 The Government has made a series of announcements to assist businesses facing large increases in business rates following the 2017 business rates revaluation. In addition, Central Government has announced that local newspapers will receive relief to reduce their rates bills by £1,500, per year, for two years, from the 1<sup>st</sup> April 2017.

**2.0 Central Government will provide funding for all of the four reliefs below:**

- Supporting Small Businesses Relief
- New Discretionary Relief Scheme
- New Business Rate Relief Scheme for Pubs
- Local newspaper relief

**3.0 Notice Periods**

3.1 The Non- Domestic Rating (Discretionary Relief) Regulations 1989 (S.I 1989/1059) requires the council to provide rate payers with at least a year's notice in writing before any decision to revoke or vary a decision so as to increase the amount of business rates the ratepayer has to pay takes effect. For example as a consequence of a rateable value increase. Under normal circumstances, the change can only take affect at the end of the year. Within the Government's provisions for the three new reliefs at (2.0) provision is allowed to amend any relief awarded during the year.

3.2 Funding across the four years will decrease for the supporting small business relief and new discretionary relief schemes and those receiving the awards will be advised that their awards are for 12 months only. Further consideration will be given to make further awards, to those businesses across future years, providing they meet the appropriate criteria to receive help.

**4.0 State Aid law**

4.1 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. All three business rates relief schemes 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 rolling three year period (consisting of the current financial year and the two previous financial years).

To administer De Minimis it is necessary for Tewkesbury Borough Council 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).

#### **4.0 Supporting Small Businesses relief**

- 4.1 The Supporting Small Businesses relief will help those ratepayers 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.

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

- 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
  - 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.
- 4.2 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.
- 4.3 Those on the Supporting Small Businesses relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement to fund small business rate relief while they are eligible for the Supporting Small Businesses relief scheme.
- 4.4 Ratepayers remain in the Supporting Small Businesses relief scheme for either 5 years or until they reach the bill they would have paid without the scheme. 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.
- 4.5 There is no 2nd property test for eligibility for the Supporting Small Businesses relief scheme. However, 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 ended can continue on the scheme for the remainder of their 12 month period of grace.

#### **5.0 New Discretionary Relief Scheme**

The government has made a national discretionary business rate relief fund available of £300 million over four years from 2017/18 to support those businesses that face the steepest increases in their business rates as a result of the revaluation. Tewkesbury Borough Council has received a grant allocation of £191,000 for 2017/18.

5.1 The Council will consider awarding relief in the following circumstances:

- All cases with rateable values below £200,000 will be eligible for the relief (although there will be exceptions).
- The eligible ratepayer is the ratepayer on 31.03.2017 and continues to be the ratepayer.
- The 2017/2018 net bill has increased by 12.5% or more over the 2016/2017 year's gross liability.
- For the 2017/2018 year, the ratepayer will be eligible to receive relief to reduce the rates increase (less the 12.5% threshold) by 40%.
- The ratepayer only occupies one property.
- Anyone falling into an exception category below will not be eligible for new discretionary relief.

5.2 **Exceptions:**

- Empty Properties
- New occupiers on or after 1 April
- Those in receipt of any other relief i.e. Mandatory relief, Community Amateur Sports Club relief. Discretionary relief, Small Business Rate Relief, Rural Rate relief Discretionary Rural Rate relief. Not including transitional relief or supporting small businesses relief and new business rate relief scheme for pubs
- Those properties occupied by Government organisations.

5.3 Those ratepayers eligible to receive supporting small business relief and new business rates relief for pubs may also qualify to receive an award of the new discretionary relief. In all cases, priority will be given to awarding supporting small business relief and new business rates relief for pubs first. If the ratepayer remains eligible for new discretionary relief they will receive the balance.

5.4 **Delegated Authority**

The Section 151 will have delegated authority to determine the percentage level of award in future years.

6.0 **New Business Rate Relief Scheme for Pubs**

6.1 At the spring budget, the Government announced a new relief scheme for pubs that have a rateable value of below £100,000. Under the scheme eligible pubs will receive a £1,000 discount off their bill. The relief will have effect for the 2017/2018 financial year.

**6.2 The Government's 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 the bar
- Not already in receipt of a relief worth in excess of £1,000 (other than transitional relief).

**6.3 For the purposes of the relief the Government has excluded the following groups:**

- Restaurants
- Cafes
- Night clubs
- Hotels
- Snack Bars
- Guest Houses
- Boarding Houses
- Sporting Venues
- Musical Venues
- Festive sites
- Theatres
- Museums
- Exhibition Halls
- Cinemas
- Concert Halls
- Casinos

6.4 The above exclusions are not exhaustive and it will be for the Officers administering the scheme to determine eligibility.

**7.0 Local Newspaper Relief**

7.1 The Government has introduced a £1,500 business rates discount, per year, for office space that is occupied by local newspapers. The relief will run for two years from the 1<sup>st</sup> April 2017. The relief will be assessed and calculated on a daily basis.

7.2 To receive the relief the applicant must meet the following conditions:

- The relief is to be specifically for local newspapers. It is not available to magazines or on line newspapers.
- The property must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.

- The amount of relief is limited to a maximum of one discount per newspaper and per property up to state aid limits.

## 8.0 **Decision Making**

- 8.1 The Officer responsible for administering business rates will make the awards.
- 8.2 The Officer will ensure that the recipients of the award are sent a revised business rates bill which includes details of the awards made. They will also ensure to notify those applicants, in writing, who are not eligible for the relief why an award cannot be made.
- 8.3 There is no right of appeal against the Council's use of its discretionary relief powers. However the Council will accept an applicant's written request for a redetermination of its decision. The review will be carried out by a senior manager within the Revenues and Benefits team. The person making the request for a redetermination will receive a written response within 28 days giving reasons whether their request for relief has been successful or not.