

The London Borough of Harrow's

**Local Discretionary Business Rates Retail Relief Scheme
for the 2019/20 & 2020/21 Financial Years**

Introduction

This document sets out the Council's policy regarding the local discretionary Retail Relief Scheme for the financial year 1 April 2019 to 31 March 2021.

This is in accordance with the announcement made by Central Government in the Budget on 29 October 2018, that it would provide business rates retail relief 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 relief will be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.

The Local Discretionary Retail Relief Scheme

The Local Discretionary Business Rate Retail Relief Scheme will apply for the years 1 April 2019 to 31 March 2021. Under the scheme, support will only be provided where a qualifying ratepayer's rateable value is under £51,000 and meets certain other qualifying conditions as set out below.

1. Which properties will benefit from relief?

Properties qualifying for relief under the scheme will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. This scheme considers shops, restaurants, cafes and drinking establishments to mean:

i. 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)

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: 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

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

- 2.** In addition to qualifying as an eligible property under the above descriptions, the hereditament must be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for Harrow for the purposes of the scheme. Particular properties not listed but broadly similar in nature to those above may be considered eligible for the relief, however any decision by Harrow will be final.

3. Exclusions

The list below sets out the types of uses that the Government, and therefore Harrow, does not consider to be retail use for the purpose of this relief and which will not be eligible to apply under Harrow's scheme. Any properties similar to those below will therefore also not be eligible for the relief under Harrow's local scheme.

i. 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
- Local or Central Government buildings, and
- Precept or Partner organisations, e.g. Police, NHS etc

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

Additionally, no applications will be entertained relating to Advertising Rights, Car parks and car park spaces, Communication stations and masts, Show flats, land used for storage, and properties in the process of being redeveloped for domestic use; as these hereditaments are specifically excluded under Harrow's scheme.

The award letter will require the ratepayer to confirm that they have not received any other State Aid that exceeds in total €200,000, including any other rates relief (other than exemptions, transitional or mandatory reliefs) being granted for premises other than the one to which the declaration and letter relates, under the Deminimus Regulations EC 1407/2013.

Under the European Commission rules, the applicant must retain the guidance included within the award letter for three years and produce it on any request by the UK public authorities or the European Commission.

4. How much relief will be available?

Relief under this scheme will apply for the financial years 2019-20 and 2020/21. The relief will be restricted to one third of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied. No relief will be awarded 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 a particular hereditament in the financial year 2019-20 and 2020-21:

Amount of relief to be granted =

$$\frac{V}{3} \text{ where}$$

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs funded by section 31 grants.

This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

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).

6. **Splits, mergers, and changes to existing hereditaments**

The relief will be applied on a day to day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, will need to be considered afresh for the relief on that day.

7. **RIGHT OF APPEAL**

There is no statutory right of appeal against a decision regarding discretionary rate relief made by the Council. However, the Council recognises that ratepayers should be entitled to have a decision reviewed objectively if they are dissatisfied with the outcome.

The Council agrees to abide by the appeals process below, and aggrieved ratepayers should make an appeal in accordance with the process.

Ratepayers will be notified of the appeals process in writing at the time that they are notified of the outcome of their request for rates relief.

This appeals process does not affect a ratepayer's legal rights.

8. **APPEALS PROCESS**

Appeals may only be made by the original applicant and within 14 days of receiving notification of eligibility. An appellant may appoint an agent to act on their behalf and in such cases the Council will require written authorisation from the appellant before dealing with their agent.

Appeals against the original decision will need to be made in writing to the Divisional Director/Head of Service who will then consider the Appeal in consultation with the Portfolio Holder. A decision made by the Divisional Director in consultation with the Portfolio Holder will be final.

Applicants must make an appeal within two weeks of the issue of the letter notifying them of the Council's decision. Appeals must be made in writing and must give the reasons why it is believed the decision should be amended. New or additional information may be included, but only if it is relevant to the decision making process. Each application will be considered individually on its merit.

9. PERIOD OF RATE RELIEF

Rate relief awarded under this policy will be awarded for one financial year commencing from 1st April 2019 to 1st April 2020/21.

Ratepayers will be notified that any relief awarded is for a specific period only.

In order to comply with Regulation 2(3) of the Non Domestic Rating [Discretionary Relief] Regulations 1989 as amended by SI. 616 of 1993 Schedule 2, which states that in the case of an authority **making a variation of a determination or revoking a decision that it must give at least 1 year's notice**, the authority will each year issue a formal notice notifying the claimant that the award is for one year only or other period as specified. This is by way of a note on the reverse of the business rates bill.

10. CANCELLATION OF RELIEF

Relief will be cancelled if:

1. The applicant ceases to be the ratepayer
2. The property becomes empty
3. The use of the property changes
4. A split or merger has occurred

Where relief is cancelled for the reason (2), an applicant may make an application as soon as the property becomes re-occupied.

Where relief is cancelled for reasons (3) or (4), a new application may be made straight away so long as the property remains occupied.

11. NOTIFICATION OF AWARDS

The Council will consider applications within four weeks of the application and all supporting information being received, or as soon as practicable thereafter.

Notification of the outcome of the decision will be made in writing within fourteen days of the decision being considered.

12. ACTION TO RECOVER UNPAID RATES WHILST A DECISION IS PENDING

Receipt of an application for relief will not negate in any way the ratepayer's right to pay the business rates as demanded.

November 2018

Annex A: Calculation examples for 2019/20

The retail discount (one third) is always calculated after mandatory relief and other discretionary reliefs funded by section 31 grant.

Example 1: An occupied shop with a rateable value of £40,000

Gross rates (before any reliefs) = £40,000 x 0.491 = £19,640

Retail discount (1/3): = -£6,547

Rates due (after retail discount): = £13,093

Example 2: An occupied charity shop with a rateable value of £40,000

Gross rates (before any reliefs) = £40,000 x 0.491 = £19,640

Net rates after charity relief: = £3,928

Retail discount (1/3): = -£1,309

Rates due (after charity relief and retail discount): = £2,619

Example 3: An occupied shop with a rateable value of £13,500 eligible for Small Business Rate Relief (SBRR)

Gross rates (before any reliefs) = £13,500 x 0.491 = £6,629

Net rates after SBRR (50%): = £3,314

Retail discount (1/3): = -£1,105

Rates due (after SBRR and retail discount): = £2,210

Example 4: An occupied shop with a rateable value of £10,000 eligible for Small Business Rate Relief (SBRR)

Gross rates (before any reliefs) = £10,000 x 0.491 = £4,910

Net rates after SBRR (100%): = £nil

Rates bill is nil and, therefore, no retail discount applies

Example 5: An occupied shop with a rateable value of £40,000 eligible for Transitional Relief (TR) and receiving Revaluation Discretionary Relief

Gross rates (before any reliefs) = £40,000 x 0.491 = £19,640

Transitional Relief (say): = -£1,500

Net rates after Transitional Relief: = £18,140

Net rates after Revaluation Discretionary Relief (say): = £15,140

Retail discount (1/3): = -£5,047

Rates due (after TR, revaluation relief and retail discount): = £10,093

Example 6: An occupied shop with a rateable value of £18,000 previously paying nothing prior to revaluation 2017 and eligible for Supporting Small Businesses Relief (SSB)

Gross rates (before any reliefs) = £18,000 x 0.491 = £8,838

Supporting Small Businesses Relief (say): = -£7,038

Net rates after SSB: = £1,800

Retail discount (1/3): = -£600

Rates due (after SSB and retail discount): = £1,200

Example 7: A shop with a rateable value of £40,000 (example 1) but only occupied until 30 September 2019

Gross rates (before any reliefs) = £40,000 x 0.491 = £19,640

Retail discount (1/3): = -£6,547

Rates due p.a. (after retail discount): = £13,093

Daily charge while occupied (leap year): = £35.77 per day

Occupied charge 1/4/19 to 30/9/19 (183 days): = £6,547

Unoccupied property relief (1/10/19 to 1/1/20): = £nil

Unoccupied property rates (1/1/20 to 31/3/20),

£19,640 x 91/366 = £4,883

Rates due for the year (after retail relief): = £11,430

Example 8: A shop with a rateable value of £40,000 (example 1) with a rateable value increase to £60,000 with effect from 1 October 2019

Gross rates (before any reliefs) = £40,000 x 0.491 = £19,640

Retail discount (1/3): = -£6,547

Rates due p.a. (after retail discount): = £13,093

Daily charge while occupied (leap year): = £35.77 per day

Charge 1/4/19 to 30/9/19 (183 days): = £6,547

Daily charge on standard multiplier (1/10/19 to 1/1/20):

(£60,000 x 0.504)/366 = £82.62 per day

Charge 1/10/19 to 31/3/20 (183 days): = £15,120

Rates due for the year (after retail relief): = £21,667

State Aid

At Autumn Budget 2018, the Chancellor announced that eligible retailers will receive a one third discount on their business rates bills for two years from April 2019.

Relief will be provided to eligible occupied retail properties with a rateable value of less than £51,000 in 2019/20 and 2020/21. Your current rates bill includes this Retail Discount.

Awards such as Retail Discount are required to comply with the EU law on State Aid. In this case, this involves returning the attached declaration to this authority if you have received any other *de minimis* State Aid, including any other Retail Discount you are being granted for premises other than the one to which this bill and letter relates, and confirming that the award of Retail Discount does not exceed the €200,000, an undertaking can allow you to receive this award under the *de minimis* Regulations EC 1407/2013.

Please complete the declaration and return it to the address above. In terms of declaring previous *de minimis* aid, we are only interested in public support which is *de minimis* aid (State Aid received under other exemptions or public support which is not State Aid does not need to be declared).

If you have not received any other *de minimis* State Aid, including any other Retail Discount you are being granted for premises other than the one to which this bill and letter relates, you do not need to complete or return the declaration.

If you wish to refuse to receive the Retail Discount granted in relation to the premises to which this bill and letter relates, please complete the attached form and return it to the address above. You do not need to complete the declaration. This may be particularly relevant to those premises that are part of a large retail chain, where the cumulative total of Retail Discount received could exceed €200,000.

Under the European Commission rules, you must retain this letter for three years from the date on this letter and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this letter longer than three years for other purposes). Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on '*de minimis*' aid for the next three years.

'De minimis' declaration

Dear []

NON-DOMESTIC RATES ACCOUNT NUMBER: _____

The value of the non-domestic rates Retail Discount to be provided to [name of undertaking] by [name of local authority] is £ [] (Euros []).

This award shall comply with the EU law on State Aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of *De minimis* aid within the current financial year or the previous two financial years). The *de*

minimis Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013) can be found at:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

Amount of *de minimis* aid

Date of aid

Organisation providing aid

Nature of aid