



Business Rate Exemptions and Reliefs

Julie Smethurst
Revenues Manager – Preston and
Lancaster Shared Service

Why Am I Here – What's All The Fuss About Business Rates?

- Rate Retention

- Since 1st April 2013, council's have been able to retain up to 50% of business rates collected.
- Government will increase this to 100% by 2020.
- Will be major source of income for Councils.

The Game Now Known As

How to Pay as Little Business Rates as Possible.

More Popular Even Than The Smash Hit of Christmas 2015



Lets Introduce The Players

- In the Blue Corner we have –
- The Billing Authority
- Game plan - to maximise rateable value and revenue.
- In the **Red Corner** we have –
- The Ratepayers
- Game plan - to pay as little as possible, or preferably nothing at all.



Where Does Revenues Fit In the Game Then?

We are effectively the referee.



We need to know the rules of the game, how and when to apply them, ensure fair play and challenge where necessary.

So Now For the Boring Bits

- What Exemptions and Reliefs are available?
 - Mandatory and discretionary;
 - For empty and occupied properties;
 - Some linked to the property, others to occupier or owner.
- What is the criteria for awarding them?
 - Some are very prescriptive and specific;
 - Others are more open.
- How do they all fit together?
 - Can seem complex, but there is a logic to follow.

Exemptions for Occupied Properties

Schedule 5 of the Local Government Finance Act 1988

- **Agricultural land and buildings (*includes rearing of livestock bees, fish, and shellfish including crustaceans and molluscs*);
- **Churches, Church Halls & Places of Public Religious Worship;
- Public Parks & Recreation Grounds;
- **Certain property used for disabled people;
- Highways;
- Sewers
- Air Raid Protection Works;
- Swinging Moorings.

*** Need To Monitor For Changes In Use – Not Shown In The Rating List So Need To Inform The Valuation Office****

News

Cannabis factory found at former church

Tuesday, January 12, 2016



Cannabis with an estimated street value of £650,000 has been discovered at a former church in Lancaster.

Officers found in around 1000 cannabis plants in the main hall of the church on Parkgate Drive around midday on Monday 11 January. The plants were spread over three storeys and divided into 12 growing rooms in the building which has now been partially converted into flats.

A 24-year-old man was arrested on suspicion of cultivating cannabis and is currently being questioned by police in Lancaster.

DS Martin Foley of Lancaster Intelligence Department said: "We know the misery drugs can bring to a community and we are determined to do everything we can to remove them.

"We rely on the public's continued support and I urge anyone with information or concerns to contact us."

Anyone with information about drugs can contact police on 101 or Crimestoppers anonymously on 0800 555 111.

Wanted



Caught on Camera



Crimestoppers



Can Anyone Tell Me What the Boxes Contain?





Unoccupied Property Exemptions

The Non Domestic Rating (Unoccupied Property) Regulations 1989,
SI 1989/2261 replaced from 2008 by SI 2008/386

- Properties that are exempt from unoccupied property rates with effect from 1 April 2008
- Need to establish that there is a genuine entitlement to the exemption
- Periods of occupation of less than six weeks are disregarded when awarding another period of exemption.

Unoccupied Property Exemptions

The Non Domestic Rating (Unoccupied Property) Regulations 1989,
SI 1989/2261 replaced from 2008 by SI 2008/386

- Unoccupied for a period not exceeding 3 months, or 6 months in the case of industrial hereditaments
- Occupation of the property is prohibited by law, i.e. no fire escape or prohibition until asbestos is removed
- Any property kept vacant by reason of action taken by the Crown or public/local authority with a view to prohibiting occupation or to acquiring the property, i.e. CPO
- Hereditaments which are the subject of a Building Preservation Notice or are Listed in accordance with the Planning (Listed Buildings and Conservation Areas) Act 1990
- Ancient Monuments as determined under s1 The Ancient Monuments and Archaeological Areas Act 1979
- Properties with an RV of less than £2,600

Unoccupied Property Exemptions

The Non Domestic Rating (Unoccupied Property) Regulations 1989,
SI 1989/2261 replaced from 2008 by SI 2008/386

- **Linked to the Status of The Owner**
- The owner is entitled to possession only as a personal representative of a deceased person
- The owner is subject to a bankruptcy order under Section 381(2) of the Insolvency Act 1986;
- The owner entitled to possession is a trustee under a deed of arrangement under the Deed of Arrangement Act 1914;
- The owner is a company that is subject to a winding up order or is being wound up voluntarily under the Insolvency Act;
- The owner is a company in administration;
- The owner is entitled to possession in their capacity as a liquidator

Unoccupied Properties Charitable Use Local Government Finance Act 1988 s45A(2)

- Linked to the Status of the Owner
- provides that empty properties are zero rated where -
 - The ratepayer is a charity, and
 - It appears that when next in use the hereditament will be wholly or mainly used for charitable purposes (whether of that charity or of that and other charities)
- Has to meet both parts of the criteria and need to establish genuine entitlement.

Reliefs on Empty Properties

Local Government Finance Act 1988

- Transitional Relief (2010 scheme) **SI 2009/3343**
- Empty New Build Relief or; (**Autumn Statement Relief – temporary**)
- Extended Transitional Relief Scheme. (**Autumn Statement Relief – are temporary**)
- Discretionary Relief (**s.47**) or Hardship Relief (**s.49**)

Transitional Relief SI 2009/3343

- Came in at start of 2010 rating list.
- Offset large increases/decreases due to revaluation.
- Ran for 5 years of the list.
- Revaluation due in 2015 postponed to 2017 so scheme expired.
- Still applicable on backdates.

Autumn Statement Reliefs

- All discretionary
- All funded separately outside of the retention scheme by Section 31 grant
- All subject to EU state aid de-minimus regulations
- Granted using s47 Powers

New Build Empty Property Relief

- Properties that come on to the list between 1 Oct 13 and 30 Sep 16
- Exempt from unoccupied property rates for up to 18 months (which includes the initial 3/6 month exemption)
- Wholly or mainly qualifying new structures
 - Foundations, walls & roofs
- Can be re granted during the period if occupied then unoccupied again.
- Detailed guidance published in September 2013.

Extended Transitional Relief

- Applies to increases only.
- RV as at 1st April 2010 (or the day of merger).
- Properties with RV's less than £18,000, relief for 2015/16 & 2016/17 if charge increases by more than 15%.
- Properties with RV's between £18,000 and £50,000, relief for 2015/16 & 2016/17 if charge increases by more than 25%.

Discretionary Charitable/Not for Profit Relief/ Local Discounts

- Discretionary – must have a policy for guidance.
- Top up 80% mandatory up to 100% (occupied properties only).
- Non profit making organizations and recreational clubs up to 100% (occupied properties only)
- For any other purpose if satisfied reasonable to do so having regard to the interests of the council tax payers.
- Relief can be granted up to 100%.
- Must give 12 months notice to vary or cancel.
- Limits on backdating if decision made after 30th September.

Hardship Relief s.49

- Authority can reduce or remit on grounds of hardship:
 - If satisfied ratepayer would suffer hardship
 - AND
 - Reasonable to do so having regard to the interests of it's Council Tax payers
- Exception rather than the rule

Reliefs on Occupied Properties

Local Government Finance Act 1998

- Transitional Relief (2010 Scheme). SI 2009/3343
- Mandatory Charity/Not for Profit (s.43) /CASC(s.43(6)) or Mandatory Rural (Local Government Finance & Rating Act 1997 as amended).
- Small Business Rate Relief (Local Government Act 2003)
- Discretionary Relief:
 - Part occupation (s.44a)
 - Top up for charities/not for profit/rural/ local discounts(s.47)
- Re-occupation relief (Autumn statement relief –temporary s.47)
- Retail Relief (Autumn statement relief – temporary s.47)
- Extended transition scheme (Autumn statement relief – temporary s.47)
- Flood Relief (s.47 but s.31 grant funded - temporary)
- Hardship Relief (s.49)

Mandatory Charitable Relief

- Property occupied by a an organisation established for charitable purposes only; and
- is used wholly or mainly for charitable purposes
- Community Amateur Sports Clubs (CASC's) registered with the Inland Revenue, same as above.
- Charity shops (s.64(10) LGFA 1988)– wholly or mainly the sale of donated goods
- 80% mandatory relief awarded if criteria met.

Mandatory Rural Rate Relief

- Qualifying property

Is in a designated rural settlement (pop. below 3,000 on prior 31st December), and is:

- The sole general store, a food store and the sole post office with a rateable value less than £8,500
- The sole public house and the sole petrol filling station with a rateable value less than £12,500

- 50% relief awarded if criteria met.

Small Business Rate Relief

- Qualifying Conditions:
- If a ratepayer occupies a property with an RV of £6,000 or less, their bill will be calculated using the small business multiplier and they will qualify for a further 50% relief on their bill. (**This 50% relief was temporarily increased to 100% from 1st October 2010**)
- If a ratepayer occupies a property with a rateable value of more than £6,000 and not more than £12,000, the bill is calculated using the small business multiplier and relief granted on a sliding scale reducing from 50% by 1% for every £120 RV above £6,000 up to £12,000. (**This reduction was increased to 100% less approx 2% for every £120 of RV from 1st October 2010**)

Small Business Rate Relief

Ratepayers who occupy eligible properties with RV's greater than £12,000 and less than £18,000 will have their bill calculated using the small business multiplier, but no other relief.

Eligible properties means:

occupying one property with an RV less than £18,000, or
one main property and other additional properties in England,
providing the additional properties have individual RV's less
than £2,600 and the combined RV's of all the properties is less
than £18,000.

From 14 Feb 2014 a ratepayer in receipt of SBRR can continue to receive relief for up to 12 months if they occupy additional properties
The temporary increase to 100% from October 2010 is funded by s31 grant.

Discretionary Rural Rate Relief

- Applies to any rural business, not just those detailed in mandatory criteria.
- RV Limit £16,500
- Must benefit the local community
- Can top up Mandatory Relief
- Can be up to 100%

S44a Part Occupied Relief

- Applies where part of a property is empty for a short time only
- Is discretionary, but the discretion applies only to asking the VO to split the RV between empty and occupied parts
- Relief can be granted for a maximum of 3 months (or 6 months for industrials), unless the property would otherwise be exempt from empty rates i.e. Listed
- However, a new period of relief may be granted if the empty part of the property changes

Re-occupation Relief

- Can be granted for properties re-occupied between 1 Apr 14 to 31 Mar 16, for a period of 18 months
- Premises must have been unoccupied for 12 months or more before re-occupation and when previously occupied were used wholly or mainly for retail purposes.
- The new use of the premises can be used for any purpose except payday loans, pawnbrokers and betting shops
- No RV limit and the relief is 50% of the charge up to state aid limits
- The relief is applied to bills after all other reliefs – except retail relief
- The relief runs with the property rather than the ratepayer
- Full details in guidance issued in March 2014.

Retail Relief

- 2014-15 and 2015-16
- Up to £1000 of relief for 14/15 and up to £1500 for 15/16
- Applied to bills after all other reliefs have been calculated
- Occupied properties with a RV of £50,000 or less that are used wholly or mainly for the sale or provision of goods to visiting members of the public
- Does not include financial services, medical services, other services (estate agents, etc), professional services (solicitors, etc), post office sorting offices and properties that are not reasonably accessible to the public
- Full details given in guidance issued in February 2015.

Flood Relief

Guidance issued by DCLG in December and January.

Awarded under s.47 powers but funded by s.31 grant – so state aid rules apply.

Government guidance states relief will be granted where:

- i) the property has been flooded in whole or in part as a result of the adverse weather conditions; and
 - ii) as a result of that flooding, business activity has been adversely affected; and
 - iii) the rateable value on the day of the flood event was less than £10 million
- 100% relief awarded for a minimum of 3 months, or until the business restarts trading from the property if longer.

Doesn't apply to empty properties, runs with the property not the ratepayer.

All other reliefs, including retail relief to be applied first.

State Aid Implications

- Any relief given under discretionary powers (i.e. s.47 & s.49), including autumn statement reliefs.
- Relief in excess of €200,000 euros (£154,000 at 0.77p exchange rate) over a rolling 3 year period would breach state aid de-Minimis levels and need approval.
- Need to have declaration on all forms for discretionary relief.
- Guidance available at:
<https://www.gov.uk/guidance/state-aid>



Thanks for your patience.

Any Questions?