

Business Rates Policy 2014-15

Business Rates Reoccupation Relief

1 Introduction

- 1.1 The Chancellor in the Autumn Statement on 5th December 2013 announced Reoccupation Relief for reoccupation of shops that have been empty for a long period of time and reward businesses that make this happen. Local authorities will administer this business rates “reoccupation relief”.
- 1.2 The Chancellor announced that 50% business rates discount can be awarded for up to 18 months for businesses moving into previously empty retail premises between 1 April 2014 and 31 March 2016, up to State Aid De Minimis limits.
- 1.3 The legislation was amended to introduce this change under the discretionary powers which means that each Local Authority needs to develop a policy to deal with the operation and delivery of the relief.

2. How the relief will be provided?

- 2.1 As this is a temporary measure that applies to ratepayers moving into previously empty retail premises between 1 April 2014 and 31 March 2016 only. The government is not changing the legislation around the reliefs available to properties, instead the Government will, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.
- 2.2 It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief under section 47.
- 2.3 Central Government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.
- 2.4 Central Government will reimburse billing authorities and those major precepting authorities within the rates retention system for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in their guidance issued in April 2014. Local authorities will provide an estimate of their likely total cost for providing the relief in their National Non Domestic Rate Return 1 (NDR1) for 2014-15, 2015-16, 2016-17 and 2017-18. Central government will provide payments of the local authorities' share to authorities at the end of the relevant years.

3. Who will be eligible for Relief

- 3.1 The Government will fund 50% rate relief for up to 18 months, for businesses moving into previously empty retail premises between 1 April 2014 and 31 March 2016, up to State Aid De Minimis limits.
- 3.2 Properties that will benefit from the relief will be occupied hereditaments that:

When previously in use, were wholly or mainly used for retail as set out in paragraphs below:

- Were empty for 12 months or more immediately before their reoccupation
- Become reoccupied between 1 April 2014 and 31 March 2016
- Are being used for any use (i.e. not just retail use) except as set out in paragraph 3.6 below

3.3 There is no rateable value limit for the hereditament in respect of either the previous or reoccupied use. However, State Aid De Minimis limits may limit the amount of relief given.

3.4 What is retail use?

In relation to a premises' previous use for the purposes of Reoccupation Relief Slough Borough Council considers retail to mean:

(a) Hereditaments that were 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)

(b) Hereditaments that were being used for the provision of the following services principally 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
- DVD/ video rentals
- Tool hire
- Car hire

(c) Hereditaments that were being used for the provision of the following services principally to visiting members of the public:

- Financial services (e.g. banks, building societies, bureaux de change, payday loan shops, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)

(d) Hereditaments that were being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

3.5 The list set out above is not intended to be exhaustive but is a guide provided by Central Government as to the types of uses that Government considers for this purpose to be retail. Slough Borough Council will consider for relief all those that are broadly similar in nature to those above and, if so, to consider them to be retail. Conversely, properties that were not broadly similar in nature to those listed above will not be considered to be retail.

3.6 Reoccupied use

The new use of the reoccupied premises can be for any use (i.e. not just retail uses) except for hereditaments wholly or mainly being used as betting shops, payday loan shops, and pawn brokers.

3.7 The scheme applies to all types and uses of non-domestic hereditaments (other than those occupied by the Billing Authority).

3.8 Splits, mergers, and changes to existing hereditaments

Where a new hereditament has been created by a split or merger of hereditament(s), the new hereditament will be eligible for the Reoccupation Relief where at least half of the floor area of the new hereditament is made up of retail hereditaments that have been empty for 12 months or more (subject to meeting the other criteria in this policy).

Where a hereditament in receipt of Reoccupation Relief splits or merges to form new hereditaments, the new hereditaments will not be eligible for the remaining term of Reoccupation Relief.

Where a hereditament in receipt of Reoccupation Relief becomes unoccupied for any period of time less than 12 months it will not be eligible for any further Reoccupation Relief on occupation. However, if a hereditament that has previously received Reoccupation Relief becomes empty for 12 months or more it will be eligible for an additional 18 months Reoccupation Relief if the criteria are met.

3.9 Change of ratepayer

The relief will run with the property rather than the ratepayer. So if a hereditament is in receipt of Reoccupation Relief and a new ratepayer becomes liable for the property they will benefit from the remaining term of the relief, subject to the new ratepayer's State Aid de minimis limits.

3.10 Enterprise Zones

Where a property is eligible for Enterprise Zone relief, that relief should be granted and this will be funded under the rates retention scheme by a deduction from the central share. If a property in an Enterprise Zone is not eligible for Enterprise Zone relief, or that relief has ended, Reoccupation Relief may be granted in the normal way, and this would be reimbursed by grant under section 31 of the Local Government Act 2003.

4. How much relief will be available?

- 4.1 Relief will be available for 18 months from the first day the hereditament becomes occupied as long as the first day falls between 1 April 2014 and 31 March 2016, subject to the hereditament remaining continuously occupied.
- 4.2 The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
- 4.3 Under this scheme the relief available for each property is 50% of the business rates liability after any mandatory or other discretionary reliefs (other than retail relief) have been applied, up to State Aid De Minimis limits. The relief should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day. (See Appendix 1)
- 4.4 Councils may use their discretionary powers to offer further discounts outside this scheme (and under local rate retention, 50 per cent of the cost would be locally funded and 50 per cent funded by central government).

5 State Aid

- 5.1 There are European Union regulations which restrict the award of state aid and under certain circumstances the award of discretionary relief could be considered to be state aid. However Reoccupation Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)
- 5.2 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).

- 5.3 These circumstances in which the EU regulations need to be considered will be where the organisation engages in commercial activities or competes with commercial bodies because of an activity it carries out. For example a not for profit training organisation that also provides training services to businesses.
- 5.4 If the organisation undertakes any commercial activity it must be commercially insignificant and localised so that there is no potential impact on intra-community trade, otherwise the regulations governing state aid will apply.
- 5.5 All applicants will be required to complete a declaration form (Appendix 2) to confirm that they have not received more than the De Minimis amount of State Aid.
- 5.6 Guidance on State Aid is available via the government web site at <https://www.gov.uk/government/publications/enterprise-zones-state-aid-and-business-rate-discounts>

6 Administration

- 6.1 Slough Borough Council will administer the scheme under the guidelines set out by the Department for Communities and Local Government dated 1st April 2014
- 6.2 It will provide relief as outlined above to all occupied retail premises that were previously empty for 12 months or more
- 6.3 The scheme is fully funded by central Government.
- 6.4 The reliefs awarded will be administered by the Business Rates team who will provide monthly reports to the Section 151 officer for approval.

Appendix 1

Calculation examples for 2014-15

Example 1 – A property that was previously a pub and was empty for 14 months becomes occupied on 1 April 2014 as a restaurant with a rateable value of £40,000.

Rateable Value = £40,000

Rates due (excluding any reliefs) = £40,000 x 0.482 = £19,280

Minus Reoccupation Relief for 2014-15 = £19,280 x 0.5 = £9,640

Minus 12 months retail relief = £9,640 - £1,000 = £8,640

Rates due 2014-15 (including reoccupation and retail relief) = **£8,640**

Example 2 – A property that was previously a small department store and was empty for 2 years splits into the following 2 separate hereditaments which become occupied on 1 April 2014:

a) a gym with a rateable value of £10,000

b) an office with a rateable value of £70,000

Gym:

Rateable Value = £10,000

Rates due (excluding any reliefs) = £10,000 x 0.471 = £4,710

Minus small business rate relief of 33% (£3,140) = £1,570

Minus Reoccupation Relief of 50% = £1,570 x 0.5 = £785

Rates due (including all reliefs) = **£785**

Office

Rateable Value = £70,000

Rates due (excluding any reliefs) = £70,000 x 0.482 = £33,740

Minus Reoccupation Relief for 2014-15 = £33,740 x 0.5 = £16,870

Rates due 2014-15 (including reoccupation relief) = **£16,870**

Appendix 2**'De minimis' declaration**

Dear []

BUSINESS RATES ACCOUNT NUMBER: _____

The value of the business rates Reoccupation Relief 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 downloaded at <http://eur-lex.europa.eu>

If you have previously received De Minimis aid, please list below. If you have not previously received De Minimis aid, please mark as 'nil'.

Amount of De Minimis aid Euro's	Date of aid	Organisation providing aid	Nature of aid

I confirm that:

1) I am authorised to sign on behalf of _____[name of undertaking]; and

2) _____[name of undertaking] shall not exceed its De Minimis threshold by accepting this Reoccupation Relief.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE: