

Additional Business Rates Relief 2014 / 2015

Changes to Business Rates announced in the Autumn Statement

The Chancellor of the Exchequer announced the following changes to business rates in the autumn statement. When making the announcement the government anticipated that local authorities would be in a position to incorporate the additional relief in the non-domestic rate demands for 2014 / 2015. From what we have seen no local authorities have yet incorporated this discount in the demands that have already been sent out. We believe this is due to the fact that each local authority has needed to agree that they will undertake the administration of this scheme. Many authorities will therefore be re-issuing demands to businesses in the next two months taking account of the additional £1,000 relief that most retailers will benefit from.

We are disappointed to see that some councils have already put on their websites application forms asking businesses to submit their requests online in order to gain the relief. We do not believe this was the intention of The Chancellor when introducing this scheme. For those councils who have not already incorporated the discount in the 2014 / 2015 demand there will be considerable additional administrative costs.

The retail relief scheme is, we understand, as follows:

Business rates discount of £1,000 for retail and food and drink premises with a rateable value below £50,000 for 2 years up to the state aid limits from 1 April 2014.

A 50% business rates relief for 18 months up to the state aid limits for businesses that move into retail premises that have been empty for a year or more. Businesses which move into empty premises between 1 April 2014 and 31 March 2016 will be eligible for the relief.

There will be a relaxation of the Small Business Rate Relief rules to allow businesses in receipt of Small Business Rate Relief taking on an additional property to retain Small Business Rate Relief on the first property for 1 year, with effect from 1 April 2014.

Businesses will be allowed to pay business rates over 12 months rather than 10 months, with effect from 1 April 2014.

The existing Small Business Rates Relief Scheme will be extended for another year. For details of this scheme please see <http://www.centre-p.co.uk/Table2015.pdf>.

Warning to agents and potential occupiers

Each local authority will examine their records to see which properties are eligible and we would advise agents and potential occupiers to check carefully with a local council if it is anticipated that the relief offered is vital in assessing the viability of any retail operation. Properties that have been empty for eleven months and three weeks will not qualify, neither will premises that have been empty for a longer period but where local councils have been notified that the owners have moved into a property during the period that it has been empty! We are aware that in some cases "occupation" has occurred in order to reduce rates liabilities, the new rules we believe will only operate where no occupation has occurred for at least a twelve month period.

What is a retail unit?

This is regarded as a property that is being used for the sale of goods to visiting members of the public. The government have kindly provided a fairly extensive list of those establishments which they regard as being eligible, as well as those that are not, and we have pleasure in setting out on the following page the appropriate information from the government's guidance notes.

The government considers shops, restaurants, cafes and drinking establishments to mean properties that are being used for the sale of goods to visiting members of the public such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, as well as:

- 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)

Also properties that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, 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

Also properties 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

Which properties will NOT benefit from relief?

Properties 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, bureau 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 office

How do properties qualify for relief?

To qualify for the relief the property should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. Therefore, properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

How much relief will be available?

Local Authorities can grant relief up to £1,000 to all occupied retail properties with a rateable value up to £50,000.

Relief is assessed and calculated on a daily basis. Therefore, if you vacate the property before the end of the financial year, relief will be apportioned accordingly.

The relief will be applied against the net bill after all other reliefs.

If your rate demand notice is less than £1,000 you will receive the full amount of your demand notice in Retail Relief.

State Aid (We have included this definition only to reassure the vast majority of potential retailers that they will be eligible to claim relief). As you will see below you would need to own approximately 55 retail outlets and be claiming £1,000 relief on each property in order to exceed the State Aid limited.

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 (EU1407/2013).

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).

Please note: If the European Commission considers that you are not eligible for De Minimis Aid the amount of aid awarded will be recoverable from you with interest. It is therefore important that you are confident that you meet the De Minimis Aid criteria.

Further information on State Aid law can be found at <https://www.gov.uk/state-aid>

BANKIER SLOAN

Chartered Surveyors

Centrepoint, Chapel Square, Deddington

Banbury, Oxon, OX15 0SG

Tel: Deddington 01869 338866

Moreton-in-Marsh 01608 652888,

Mobile: 07831 338111, Fax: 01869 337146

email:reception@centre-p.co.uk, www.centre-p.co.uk