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**Lewes District Council**



Working in partnership with **Eastbourne Homes**

## **Business Rates Retail Discount Policy**

<b>Document name:</b>	<b>Retail Discount (draft)</b>
<b>Document type:</b>	Policy

<b>Authority(ies) covered:</b>	Aligned
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<b>Version (e.g. first draft, final report):</b>	V01
<b>Approved by:</b>	Cabinet
<b>Date of publication:</b>	To be confirmed
<b>Revision due:</b>	Not required
<b>Final Equality and Fairness Analysis (EaFA) report approved by:</b>	Director/Assistant Director - TBC
<b>Date final EaFA report approved:</b>	TBC

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# 1. Introduction

- 1.1. Central government announced in the Autumn Budget on 29 October 2018 that it would provide a new discount scheme for retail properties that have a rateable value of below £51,000.
- 1.2. Properties that will benefit are those that are occupied hereditaments that are wholly or mainly used as shops, restaurants, cafes and drinking establishments.
- 1.3. Eligible ratepayers will receive a one third discount of the daily chargeable amount. The discount will have effect for 2019/20 and 2020/21.
- 1.4. The grant of the discount is discretionary and local authorities are expected to use their powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1998) to grant the new discount.
- 1.5. Central government will reimburse authorities and major precepting authorities within the rates retention scheme for the actual costs to them under the rates retention scheme for discounts that fall under this scheme.
- 1.6. The decision to grant or not to grant retail discount is a matter purely for the council. The council's policy for granting other discounts can be found on the council's website [www.lewes-eastbourne.gov.uk](http://www.lewes-eastbourne.gov.uk)

## 2. Qualifying Properties

- 2.1. The Government, whilst not changing the legislation around the discounts available to properties, has set out eligibility criteria.
- 2.2. Their guidance considers qualifying properties to mean:

Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as florists, bakers, greengrocers, butchers, greengrocers, jewellers, stationers, off licenses, 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 showrooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres

- Art galleries (where art is for sale or hire)
- Licensed sex shops

Hereditaments 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, tanning shops, tattoo parlours and body-piercing services)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g for theatre
- Dry cleaners
- Launderettes
- Funeral directors
- Photo processing
- Tool hire
- Car hire

Hereditaments that are being used of the sale of food and/or drink to visiting members of the public:

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

2.3. The above lists are not exhaustive and it is for authorities to determine if particular properties not listed are broadly similar in nature those above and, if so, to consider them eligible for discount.

### **3. Non-qualifying Properties**

3.1. 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, bureaux de change, payday lenders, pawn brokers)
- Gambling establishments (e.g. betting shops and amusement arcades)
- 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)
- Headshops or those selling legal highs and similar paraphernalia and Vape and e-cigarette shops
- Royal Mail sorting offices

## 4. Amount of Discount available

- 4.1. Over the past few years, a number of schemes have been led by Central Government but without specific legislative changes. These are administered under s47 of the Local Government Finance Act 1988 and guidance is often provided. The councils are keen to support such initiatives especially when they are designed to support local businesses and will look to maximise both the discounts given as well as maximising any grants receivable. However the council reserves the right to vary its approach where thought appropriate.
- 4.2. Eligible ratepayers will receive a one third discount of their of their net rates bill. There is no discount available under the scheme for properties with a rateable value above £51,000. Discount is only applicable in respect of occupied properties and is calculated on a daily basis.
- 4.3. The discount is applied against the net bill after all other Mandatory and Discretionary reliefs are taken into account.
- 4.4. Ratepayers that occupy more than one property will be entitled to discount for each eligible property, subject to State Aid de minimis levels.
- 4.5. European Union competition rules generally prohibit Government subsidies to businesses. Relief from taxes, including non-domestic rates, can constitute state aid. Rate discount for charities and non-profit making bodies is not generally considered to be State Aid, because the recipients are not in market competition with other businesses. However, where other bodies receive relief and are engaged in commercial activities or if they are displacing an economic operator, or if they have a commercial partner, rate discount could constitute state aid.
- 4.6. Discount will be State Aid compliant where it is provided in accordance with the de minimis regulations (1407/2013). The regulations allow an undertaking to receive up to 200,000 euros of de minimis aid in a three year period (consisting of the current financial year and the two previous financial years).
- 4.7. Where the relief or discount to any one business is greater than the de minimis level, then permission will need to be obtained from the European Commission.

In such cases the matter will be referred to the MHCLG (Ministry of Housing Communities and Local Government) for advice and then referred back to the council for consideration. It will be for the ratepayer to provide confirmation as to whether the State Aid provisions apply to them.

- 4.8. In all cases, where retail discount is to be granted or where liability is to be reduced, ratepayers will be required to provide the council with sufficient information to determine whether these provisions are applicable in their case.

## **5. Applications**

- 5.1. Initially the discount will be applied to all properties considered eligible through the information held on the Business Rates database held by Eastbourne Borough Council and Lewes District Council.
- 5.2. Ratepayers will be required to notify the council if they do not meet state aid requirements, or the level of discount exceeds the de-minimis threshold.
- 5.3. Eligible ratepayers will be notified of the amount of Retail discount awarded by the issue of a new bill. The discount will be awarded by means of a reduction shown on the bill to the ratepayer. Where this puts the account in credit for the year, a refund will be made by the Council.

## **6. Appeals**

- 6.1. Where the council receives an appeal from the ratepayer regarding the granting, non-granting or the amount of any retail discount, the case will be reviewed by the Senior Specialist Advisor. Where a decision is revised then the ratepayer shall be informed, likewise if the decision is upheld.
- 6.2. Ultimately the formal appeal process for the ratepayer is Judicial Review although the council will endeavour to explain any decision fully and openly with the ratepayer.

## **7. Variation and amendment of Discount**

- 7.1. Where any award is granted to a ratepayer, the council will require any changes in circumstances which may affect discount to be reported as soon as possible. This will be important where the change would result in the amount of the award being reduced or cancelled e.g. where the premises become unoccupied or is used for another purpose other than that determined by the council as eligible for discount.

7.2. Where a change of circumstances is reported, the discount will, if appropriate be revised or cancelled.

## **8. Fraud**

8.1. Where a ratepayer falsely claims a discount, falsely provides information, makes false representation, or deliberately withholds information in order to gain a discount, prosecutions will be considered under the Fraud Act (2006).