Llywodraeth Cymru
Welsh Government

Non-domestic Rates

High Street and Retail Rates Relief in Wales - 2019-20

Guidance

Mae'r ddogfen hon ar gael yn Gymraeg, ac mewn ieithoedd a fformatau eraill ar gais.
This document is available in Welsh, and in other languages and formats on request.

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Non-domestic Rates – High Street and Retail Rates Relief

Guidance

About this guidance

1. This guidance is intended to support local authorities in administering the High Street and Retail Rates Relief scheme ("the relief") announced by the then Cabinet Secretary for Finance on 10 December 2018. This guidance applies to Wales only.

2. This guidance sets out the criteria which the Welsh Government will use to determine the funding for local authorities for relief provided to high street and retail properties. The guidance does not replace any existing non-domestic rates legislation or any other relief.

3. Enquiries on the scheme should be sent to: localtaxationpolicy@gov.wales

4. The relief is being offered from 1 April 2019 and will be available until 31 March 2020.

Introduction

5. This relief is aimed at high street businesses and retailers in Wales, for example shops, pubs, restaurants and cafes.

6. The Welsh Government will provide grant funding to the 22 Unitary Authorities to continue the High Street and Retail Rates Relief scheme to eligible ratepayers for 2019-20. The enhanced scheme aims to provide support for eligible retail businesses by offering up to £2,500 discount on the non-domestic rates bill per property, to retailers occupying premises with a rateable value of £50,000 or less in the financial year 2019-20, subject to State Aid limits.

7. This document provides guidance on the operation and delivery of the scheme.

Section 1

High Street and Retail Rates Relief

How will the relief be provided?

8. As this is a temporary measure, we are providing the relief by reimbursing local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual local authorities to adopt a scheme and decide in each individual case when to grant relief under section 47. The Welsh Government will then reimburse local authorities for the relief that is provided in line with this guidance via a grant under section 58A of the Government of Wales Act 2006.

How will the scheme be administered?

9. It will be for local authorities to determine how they wish to administer the scheme to maximise take-up and minimise the administrative burden for ratepayers and for local authority staff. Subject to State Aid considerations set out in paragraphs 29 to 33.

10. Local authorities are responsible for providing ratepayers with clear and accessible information on the details and administration of the scheme. If, for any reason, an authority is unable to provide this relief to eligible ratepayers from 1 April 2019, consideration should be given to notifying eligible ratepayers that they qualify for the relief and that their bills will be recalculated.

Which properties will benefit from relief?

11. Properties that will benefit from this relief will be occupied high street business and retail properties such as shops, restaurants, cafes and drinking establishments, with a rateable value of £50,000 or less. More detailed eligibility criteria and exceptions to the relief are set out in paragraphs 15 to 19.

12. Relief should be granted to businesses as a payment based on occupation between 1 April 2019 and 31 March 2020. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2019, the local authority may use its discretion in awarding relief.

Level of support: up to £2,500

13. Eligible ratepayers will be retailers whose property has a rateable value between £6,001 and £50,000 on 1 April 2019. It is expected that retailers with a rateable value of £6,000 and below will receive full Small Business Rate Relief (SBRR), however it is left to the discretion of authorities to determine if there are properties not in receipt of SBRR that should be eligible for this relief.

14. **Unlike previous years, the 2019-20 scheme is not limited to high street premises but will include all properties within Wales meeting the wider retail criteria.**

15. It is intended that, for the purposes of this scheme, retail properties such as, “shops, restaurants, cafes and drinking establishments” will mean the following (subject to the other criteria in this guidance).

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, newsagents, hardware stores, supermarkets, etc)
- Opticians
- Pharmacies
- Post offices
- Furnishing shops or display rooms (such as carpet shops, double glazing, garage doors)
- Car or caravan showrooms
- Second hard car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale or hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public

- Hair and beauty services
- Shoe repairs or key cutting
- Travel agents
- Ticket offices, eg. for theatre
- Dry cleaners
- Launderettes
- PC, TV or domestic appliance repair
- Funeral directors
- Photo processing
- DVD or video rentals
- Tool hire
- Car hire
- Cinemas
- Estate and letting agents

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

- Restaurants
- Drive-through or drive-in restaurants
- Takeaways
- Sandwich shops
- Cafés

- Coffee shops
- Pubs
- Wine Bars

16. To qualify for the relief a hereditament listed in (i) to (iii) should be wholly or mainly used as a shop, restaurant, café or drinking establishment. This is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

17. The above list is not intended to be exhaustive as it would be impossible to list all the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the types of uses that the Welsh Government considers for this purpose to be high street and retail. Local authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

18. As the grant of the relief is discretionary, local authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the local authority's wider objectives for the local area.

Types of hereditaments that are not considered to be eligible for High Street and Retail Rates Relief

19. The list below sets out the types of uses that the Welsh Government does not consider to be retail use for the purpose of this relief and would not be deemed eligible for the relief. However, it will be for local authorities to determine if hereditaments are similar in nature to those listed below and if they would not be eligible for relief under the scheme.

i. ***Hereditaments that are being used wholly or mainly for the provision of the following services to visiting members of the public***

- Financial services (eg. banks, building societies, cash points, ATMs, bureaux de change, payday lenders, betting shops, pawn brokers)
- Medical services (eg. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (eg. solicitors, accountants, insurance agents, financial advisers, tutors)
- Post office sorting office
- Tourism accommodation, eg. B&Bs, hotel accommodation and caravan parks
- Sports clubs
- Children's play centres
- Day nurseries
- Outdoor activity centres
- Gyms
- Kennels and catteries
- Show homes and marketing suites
- Employment agencies

There are a number of further types of hereditaments which the Welsh Government believes should not be eligible for the High Street Relief Scheme.

ii. *Hereditaments with a rateable value of more than £50,000*

It is recognised there are some retail businesses with rateable value above the £50,000 relief who will not be eligible for this relief. However, local authorities have the option to use their discretionary powers to offer discounts outside this scheme to such businesses if it is in the interests of the local community to do so.

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

If a hereditament is not reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme even if there is ancillary use of the hereditament that might be considered to fall within the descriptions in paragraph 15 (i), (ii) or (iii).

iv. *Hereditaments that are not occupied*

Properties that are not occupied on 1 April 2019 should be excluded from this relief. However, under the Empty Property Relief scheme, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases six) of being empty.

v. *Hereditaments that owned, rented or managed by a local authority*

Hereditaments owned, rented or managed by a local authority such as Visitor Centres, Tourist Information shops and council run coffee shops/gift shops attached to historic buildings, are exempt from this scheme.

vi. *Hereditaments that are in receipt of mandatory charitable rates relief*

These properties already receive mandatory charitable relief which gives an 80% reduction in liability and authorities may also choose to provide discretionary charitable relief which can reduce the remaining liability to nil. As such, these properties will not be eligible for High Street Rate Relief.

How much relief will be available?

20. The total amount of government funded relief available for each property for 12 months under this scheme is up to £2,500. This relief can be provided in addition to SBRR and Transitional Rate Relief. High Street and Retail Rates Relief should be applied against the net bill after these two reliefs have been applied. Any hardship or discretionary relief awarded by the local authority should be considered by the local authority once all other rates reliefs have been awarded.

21. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year:

    Amount of relief to be granted = A x (B / C)

Where:
A is the funding amount of £2,500
B is the number of days in the financial year that the hereditament is eligible for relief; and
C is the number of days in the financial year

22. When calculating the relief, if the net liability before High Street and Retail Rates Relief is £2,500 or less, the maximum amount of this relief will be no more than the value of the net rate liability. This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

23. Ratepayers that occupy more than one property will be entitled to High Street and Retail Rates Relief for each of their eligible properties, subject to State Aid de minimis limits.

Changes to existing hereditaments, including change in occupier

24. Empty properties becoming occupied after 1 April 2019 will qualify for this relief.

25. If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the new occupier will qualify for the relief on a pro-rata basis based on the remaining days of occupation using the formula in paragraph 21 of this guidance.

State Aid

26. 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. High Street and Retail Rates Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulation (1407/2013).

27. The De Minimis Regulation allows 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). Local authorities should familiarise themselves with the terms of this State Aid exemption, in particular the types of undertaking that are excluded from receiving De Minimis aid, the relevant definition of undertaking and the requirement to convert the aid into Euros.

28. To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation).

29. Section 3 of this guidance contains a sample De Minimis declaration which local authorities may wish to use. Where local authorities have further questions about De Minimis or other aspects of State Aid law, they should seek advice from their legal department in the first instance.

30. Desk instructions covering the administration of De Minimis schemes are available at:

    http://gov.wales/funding/state-aid/de-minimis-aid/?lang=en

    http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

Section 2 – State Aid

Sample paragraphs that could be included in letters to ratepayers about High Street and Retail Rates Relief for 2019-20

The Cabinet Secretary for Finance announced on 10 December 2018 that an additional £23.6 million of funding would be available to extend and expand the existing High Street and Retail Rates Relief scheme for 2019-20.

Relief of up to £2,500 will be provided to eligible occupied retail properties with a rateable value of £50,000 or less in 2019-20. Your current rates bill includes this High Street and Retail Rates Relief.

Awards such as High Street and Retail Rates Relief are required to comply with the EU law on State Aid[1]. 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 High Street and Retail Rates Relief you are being granted for premises other than the one to which this bill and letter relates, and confirming that the award of High Street and Retail Rates Relief does not exceed the €200,000 an undertaking[2] can receive 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 High Street and Retail Relief 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 High Street and Retail Rates Relief 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 High Street and Retail Rates Relief 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.

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

2 An undertaking is an entity which is engaged in economic activity. This means that it puts goods or services on a given market. The important thing is what the entity does, not its status. Thus a charity or not for profit company can be undertakings if they are involved in economic activities. A single undertaking will normally encompass the business group rather than a single company within a group. Article 2.2 of the de minimis Regulations (Commission Regulation EC/ 1407/2013) defines the meaning of 'single undertaking'.

'De Minimis' declaration

Dear [ ]

NON-DOMESTIC RATES ACCOUNT NUMBER:_____

The value of the non-domestic rates High Street and Retail Rates 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 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
€	1 April 2019 – 31 March 2020	Local authorities (for the High Street and Retail Rates Relief total, you do not need to specify the names of individual authorities)	High Street and Retail Rates Relief

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 High Street and Retail Rates Relief.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE:

Refusal of High Street and Retail Rates Relief form

Name and address of premises	Non-domestic rates account number	Amount of High Street and Retail Rates Relief

I confirm that I wish to refuse High Street and Retail Rates Relief in relation to the above premises.

I confirm that I am authorised to sign on behalf of _____ [name of undertaking].

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE: