

Revenues Services



Gedling Borough Council

Expanded Retail Discount Guidance
2020/21 | Covid-19

Serving People **Improving Lives**

Expanded Retail Discount Guidance

1. Introduction

- 1.1 The Government announced in the Budget on 29th October 2018 that it will provide a business rates retail discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21.
- 1.2 In a written Ministerial on 27th January 2020 the Government announced that it would extend the value of the retail discount from one third of the bill to 50% in 2020/21 for properties with a rateable value of less than £51,000.
- 1.3 In the Budget on 11th March 2020, in response to Covid-19, the Government announced that it would extend the value of the retail discount from 50% of the bill to 100% in 2020/21 as well as expanding the scope of the discount to include hospitality and leisure properties with a rateable value of less than £51,000.
- 1.4 In a speech delivered to the House of Commons on 17th March 2020, the Chancellor of the Exchequer announced that all businesses in the retail, hospitality and leisure sectors would receive a discount of 100% irrespective of their rateable value, therefore removing the requirement for a business to have a rateable value below £51,000 in order to qualify for this discount.

2. How will the discount be provided?

- 2.1 As this is a measure for 2019-20 and 2020-21 only, the Government is not changing the legislation around the reliefs available to properties.
- 2.2 Instead the Government will, in line with the eligibility criteria set out in its own guidance, reimburse Gedling Borough Council (the Council) where it exercises its discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.
- 2.3 The Council will follow this guidance to decide in each individual case when to grant expanded retail discount.
- 2.4 Central government will fully reimburse the Council for the local share of the discretionary discount (using a grant under section 31 of the Local Government Act 2003). The Government expects the Council to grant a discount to qualifying ratepayers.

3. Delegation

- 3.1 The authority to determine applications for expanded retail discount only is delegated to the Director responsible for Revenues Services.

4. Properties that will benefit from the discount

4.1 Properties that will benefit from the discount will be occupied hereditaments that are wholly or mainly being used:

- a. as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
- b. for assembly and leisure; or
- c. as hotels, guest and boarding premises and self-catering accommodation.

4.2 The Council considers shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

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, 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)

ii) Hereditaments that are being used for the provision of the following services 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
- Tool hire
- Car hire

iii) Hereditaments 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

iv) Hereditaments which are being used as cinemas

v) Hereditaments that are being used as live music venues:

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended)
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although the Council would expect this would be clear in most circumstances, guidance on this may be found in [Chapter 16 of the statutory guidance issued in April 2018](#) under section 182 of the Licensing Act 2003.

4.3 The Council considers assembly and leisure to mean:

i) Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms

ii) Hereditaments that are being used for the assembly of visiting members of the public.

- Public halls
- Clubhouses, clubs and institutions

4.4 The Council considers hotels, guest and boarding premises and self-catering accommodation to mean:

i) Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business.

- Hotels, guest and boarding houses
- Holiday homes
- Caravan parks and sites

4.5 To qualify for the discount the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), 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 discount. For the avoidance of doubt, hereditaments which have closed temporarily due to the Government's advice on Covid-19 will be treated as occupied for the purposes of this discount.

4.6 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied uses that exist within the qualifying purposes. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that the Council considers for this purpose to be eligible for the discount. The Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, consider them eligible for the discount. Conversely, properties that are not broadly similar in nature to those listed above will not be eligible for the discount.

4.7 The list below sets out the types of uses that the Council does not consider to be an eligible use for the purpose of this discount. Again, the Council will determine whether particular properties are broadly similar in nature to those below and, if so, consider them not eligible for the discount.

i) Hereditaments 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, 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 offices
- Casinos and gambling clubs

ii) Hereditaments that are not reasonably accessible to visiting members of the public

5. How much discount will be available?

5.1 The total amount of government-funded discount available for each property for 2020/21 under this scheme is 100% of the bill, after mandatory reliefs and, with

the exception of the 2020/21 pubs discount, other discretionary reliefs funded by section 31 grants have been applied, excluding those where the Council has used its wider discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants. The 2020/21 Pubs Discount should be applied after the Expanded Retail Discount.

5.2 The eligibility for the discount and the discount itself will be assessed and calculated on a daily basis. The following formula will be used to determine the amount of discount to be granted for a chargeable day for a particular hereditament in the financial year 2020/21:

5.3 Amount of discount to be granted = V

Where V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding the pubs discount and those where the Council has used its discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants.

5.4 This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

5.5 Ratepayers that occupy more than one property will be entitled to the discount for each of their eligible properties.

6. State Aid

6.1 Whilst the UK left the EU on 31st January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during a transition period state aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.

6.2 The Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject to this approval, the Expanded Retail Discount scheme will become a notified state aid. The Council is preparing to award the discount ignoring de minimis limits and MHCLG will inform the Council of the outcome of the notification as soon as it is known.

7. Splits, mergers, and changes to existing hereditaments

7.1 The discount will be applied on a day to day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, will be considered afresh for the discount on that day.

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Last Review: None

Next Review Due: March 2021