

BATH AND NORTH EAST SOMERSET COUNCIL DRAFT POLICY - NON DOMESTIC RATE RELIEF

Introduction

The Localism Act of 2011 (“the Act”) amended the discretionary powers available to Councils with effect from 1st April 2012. Specifically, section 69 of the Act amended section 47 of the Local government Finance Act 1988 (“the 88 Act”). Section 47 of the 88 Act enables the Local Authority to grant relief to any ratepayer, including profit making organisations and individuals, with the proviso that awarding relief is in the interests of its Council Tax payers

Any use of this additional discretionary power would normally have to be funded in full by the local authority, as government funding is not normally available to offset the cost of granting this relief.

Since the introduction of The Act, the Government has introduced a number of measures aimed at providing business rate relief to qualifying ratepayers whilst guaranteeing to reimburse local authorities for the local share of discretionary relief by way of a grant under section 31 of the Local Government Act 2003 (“the 2003 Act”).

This additional Appendix to the Bath and North East Somerset Council Non Domestic Rate Relief Policy gives guidance to officers administering claims for discretionary relief under discretionary powers provided by the Act.

Appendix C covers:

1. Newspaper relief
2. Enterprise Zone Relief.

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1) Business Rates Relief for Local Newspapers

THIS IS A SUMMARY OF THE RELIEF SCHEME AND MUST BE READ IN CONJUNCTION WITH DCLG GUIDANCE.

THE AUTHORITY IS ADOPTING A SCHEME THAT FOLLOWS DCLG GUIDANCE ON PROPERTY CRITERIA AND ELIGIBILITY. THE AUTHORITY WILL ONLY OFFER RELIEF THAT WILL BE FUNDED FULLY BY CENTRAL GOVERNMENT.

A COPY OF THE RELEVANT GUIDANCE CAN BE FOUND AT:

<https://www.gov.uk/government/consultations/the-case-for-a-business-rates-relief-for-local-newspapers>

This relief is a reduction in the bill for up to £1,500.00. The relief will be awarded for ratepayers who qualify for the period 01.04.2017 to 31.03.2019.

Eligibility criteria

- The relief will provide a £1,500.00 relief per annum for office space occupied by local newspapers up to a maximum of one discount per local newspaper title and per hereditament, for two years from 1 April 2017.
- The relief is to be specifically for traditional local newspapers. The relief will not be available to magazines.
- The hereditament must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.
- The ratepayer must confirm that relief granted to them will be in accordance with European Union De Minimis Regulations (1407/2013) to comply with State Aid law.

Amount of Relief

- The amount of relief is limited to a maximum of one discount: per newspaper title (e.g. per newspaper name) and per hereditament. For example; A local newspaper with two offices would be able to claim a discount for only one of them. An office shared by three separate local newspaper titles would only be eligible for a single discount.

The total amount of government-funded relief available for each newspaper title and hereditament for 2017-18 and 2018-19 under this scheme is £1,500. The amount

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does not vary with rateable value. 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:

Amount of relief to be granted = £1500 x A/B

Where:

A is the number of days in the financial year that the hereditament is eligible for relief; and

B is the number of days in the financial year.

3)Enterprise Zone Relief

Background

- The legislation covering this discount is within the
 - Discounts in Enterprise Zones – the Non Domestic Rating Contributions (England) (Amendment) Regulations 2012 an amendment to the Non-Domestic Rating Contributions (England) Regulations 1992
 - Section 47 of the Local Government Finance Act 1988 as amended by The Localism Act 2011.
- The Government has committed to fund a 100% business rate discount for a five year period, up to state aid de-Minimis levels for businesses that move into the EZ within five years of the commencement of the Enterprise Zone (i.e. before 1 April 2022).
- The state aid de-Minimis figure is approximately £55,000.00 per annum (This is the equivalent of €200,000 over three consecutive years).
- All the necessary adjustments are calculated by the billing authority. The relief is awarded after any other relevant reliefs have been applied and is limited to the business rates liability of the ratepayer.
- Under the Act any discount is discretionary.
- The key principle behind this Policy is that the relief should be awarded to encourage the growth of businesses which will be measured through increases in the number of people employed in the Enterprise Zone.

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Proposal

- Within the Bath and Somer Valley EZ, the following approach is proposed;-
 - Businesses that establish premises within the EZ will get the full discount on business rates.
 - Existing businesses within the EZ will not get a discount on business rates unless they can demonstrate growth of 20%, in which case they will receive 50% of the eligible discount. This will rise to 100% if they can achieve 30% or more growth.
 - Relief will not be granted if a property is not occupied. A business cannot claim consecutive discounts for establishing premises within the EZ and then at a later date increasing employment.
- Growth will be measured on the percentage increase of permanent paid full-time equivalent jobs that are created in the designated Enterprise Zone area. The baseline date for determining growth will be 01.04.2017.
- There must be a minimum of 5 full time equivalent employees based in the Enterprise Zone to qualify for the relief. The maximum amount of relief that can be awarded to an eligible business located in the EZ that is not receiving any other De Minimis aid will be €200,000 over three fiscal years. The three year period means the limit is for an amount in the current financial year and the two previous financial years, on a rolling basis.
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- Where a ratepayer (Ratepayer A) moves into a property within the zone and the ratepayer who was previously liable (Ratepayer B) was receiving Enterprise Zone relief, the amount of relief which Ratepayer A may claim will be limited to the remainder of the five year period which ratepayer B would have received, had they continued to occupy the property. This rule shall only apply where Ratepayer A and Ratepayer B share at least one common director, key management personnel, close family members or where Ratepayer A and Ratepayer B are part of the same group of companies (i.e. parent, subsidiary or fellow subsidiary), are Joint Venture associates or common Franchisees.

* This figure expressed in sterling will be calculated based on the exchange rates applicable on the date that the decision is made to award the relief.

Applications

Applications must be made on the prescribed forms supplied by the Authority, and supported with sufficient evidence to enable a determination to be made by the Authority. This includes providing evidence of the number of employees and their

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names and addresses where necessary. Applications for relief cannot be backdated more than 6 months following the end of the financial year to which they relate, even in the case of a change in the rating list by the Valuation Office Agency. All applications must be signed by a person of sufficient responsibility within the organisation, for example a Director or Company Secretary.

Disputes

There will be a right to apply for a review of any decision taken by the Authority under the rules set out in this appendix to the Non Domestic Rates Relief Policy. In the first instance the review will be undertaken by the Customer Services Team Leader responsible for Business Rates. There will be a final right of review to be determined by the Elected Member of the Authority with responsibility for the Resources Directorate.

State Aid

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 discretionary relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)¹. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De

1. Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). 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. 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). In basic terms this means discretionary assistance which could have the effect of distorting competition between similar undertakings within the European Union.<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>