

# Introduction to Non-Domestic Rates

## Exemptions, Reliefs and Discounts

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**DUKES**  
BAILIFFS LIMITED



INSTITUTE OF REVENUES  
RATING & VALUATION

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Exemptions reliefs and discounts available

- Mandatory and discretionary
- For empty and occupied properties ; or both
- Some linked to the property.
- Some linked to occupier or owner
  
- Some are very prescriptive and specific
- Others are more open
  
- Can seem complex, but there is a logic to follow

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Exemptions for occupied properties – will not appear in the rating list

#### Local Government Finance Act 1988, schedule 5

- Agricultural land and buildings (*includes rearing of livestock; bees; fish and shellfish including crustaceans and molluscs*);
- Churches, church halls and places of public religious worship;
- Election meeting rooms and property in designated enterprise zones;
- Public parks and recreation grounds;
- Certain property used for disabled people;
- Highways; road crossings over watercourses and congestion charging schemes;
- Sewers and property of drainage authorities;
- Air raid protection works;
- Swinging moorings and property of Trinity House (*i.e. lighthouses; buoys & beacons*);
- Visiting forces property.



# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### **Telecom fibre optics relief**

Telecommunications Infrastructure (Relief from Non-Domestic Rates) Act 2018  
The Non-Domestic Rating (Telecommunications Infrastructure Relief)(England)  
Regulations SI 2018/425

- Came into force 20<sup>th</sup> April 2018, but effective from 1<sup>st</sup> April 2017 for 5 years.
- Applies to new full-fibre broadband and infrastructure installed after 1<sup>st</sup> April 2017.
- VO must certify proportion of RV applicable for relief.
- 100% relief awarded.



# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Exemptions for unoccupied properties

The Non-Domestic Rating (Unoccupied Property) Regulations 1989  
SI 1989/2261 replaced from 2008 by SI 2008/386

- Properties that are exempt from unoccupied property rates with effect from 1 April 2008.
- Need to establish that there is a genuine entitlement to the exemption.
- Periods of occupation of less than six weeks are disregarded when awarding another period of exemption.

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Exemptions for unoccupied properties

The Non-Domestic Rating (Unoccupied Property) Regulations 1989  
SI 1989/2261 replaced from 2008 by SI 2008/386

#### Property specific

- Unoccupied for a period not exceeding 3 months, or 6 months in the case of industrial hereditaments
- Occupation of the property is prohibited by law, i.e. no fire escape or prohibition until asbestos is removed
- Any property kept vacant by reason of action taken by the Crown or public/local authority with a view to prohibiting occupation or to acquiring the property, i.e. CPO
- Hereditaments which are the subject of a Building Preservation Notice or are Listed in accordance with the Planning (Listed Buildings and Conservation Areas) Act 1990
- Ancient Monuments as determined under S1 The Ancient Monuments and Archaeological Areas Act 1979
- Properties with an RV of less than £2,900





# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Exemptions for unoccupied properties

The Non-Domestic Rating (Unoccupied Property) Regulations 1989  
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#### Linked to the Status of The Owner

- The owner is entitled to possession only as a personal representative of a deceased person
- The owner is subject to a bankruptcy order under Section 381(2) of the Insolvency Act 1986;
- The owner entitled to possession is a trustee under a deed of arrangement under the Deed of Arrangement Act 1914;
- The owner is a company that is subject to a winding up order or is being wound up voluntarily under the Insolvency Act;
- The owner is a company in administration;
- The owner is entitled to possession in their capacity as a liquidator

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Unoccupied properties – zero rating

Local Government Finance Act 1988 s45A (2)

#### Linked to the Status of the Owner

Provides that empty properties are zero rated where –

- The ratepayer is a charity, **and**
- It appears that when next in use the hereditament will be wholly or mainly used for charitable purposes (whether of that charity or of that and other charities)
- Has to meet both parts of the criteria and need to establish genuine entitlement.





# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Unoccupied properties – zero rating

Local Government Finance Act 1988 s45A (3)

#### Linked to the Status of the Owner

Provides that empty properties are zero rated where –

- The ratepayer is a registered community amateur sports club, and
- It appears that when next in use the hereditament will:-
  - ❖ Be wholly or mainly used for the purposes of that club; or
  - ❖ Be wholly or mainly used for the purposes of two or more clubs including that club, and each of the clubs is a registered club.
- Has to meet both parts of the criteria and need to establish genuine entitlement.

# Introduction to non-domestic rates

## Exemptions reliefs and discounts

### **Public Lavatories Relief**

#### Non-Domestic Rating (Public Lavatories) Act 2021

- Effective from 1<sup>st</sup> April 2020
- Property consists wholly or mainly of a public lavatory.
- Chargeable amount will be zero.
- (Previously awarded under s.47 powers from 1<sup>st</sup> April 2018)

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Reliefs on occupied properties

#### Local Government Finance Act 1988

- Transitional Relief (2017 Scheme). [SI 2016/1265](#)
- Mandatory Charity/Not for Profit ([s.43](#)) /CASC([s.43\(6\)](#))
- Mandatory Rural ([Local Government Finance & Rating Act 1997 as amended](#)).
- Small Business Rate Relief ([Local Government Act 2003](#))
- Discretionary Relief:
  - ❖ Part occupation ([s.44a](#))
  - ❖ Top up for charities/not for profit/rural/ local discounts([s.47](#))
- Hardship Relief ([s.49](#))

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Transitional Relief **SI 2016/1265**

- Applies whether property is empty or occupied.
- Came in at start of 2017 rating list.
- Offset large increases/decreases due to revaluation.
- Ran for 5 years of the list.
- Revaluation due in 2021 postponed to 2023 so original scheme expired.
- Still applicable on backdates.



# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Mandatory charitable relief

- Property occupied by an organisation established for charitable purposes only; **and**
- is used wholly or mainly for charitable purposes
- Community Amateur Sports Clubs (CASC's) registered with the Inland Revenue, same as above.
- Charity shops ([s.64\(10\) LGFA 1988](#))– wholly or mainly the sale of donated goods
- 80% mandatory relief awarded if criteria met.

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Mandatory rural rate relief

Qualifying property:-

- Is in a designated rural settlement (pop. below 3,000 on prior 31st December), and is:
  - ❖ The sole general store, a food store and the sole post office with a rateable value less than £8,500
  - ❖ The sole public house and the sole petrol filling station with a rateable value less than £12,500
- 50% relief awarded if criteria met, but uprated to 100% from 1<sup>st</sup> April 2017 under s.47 discretionary powers.



# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Small business rate relief

- Aimed at helping small businesses where they are not entitled to another mandatory relief – occupied properties only.
- Rateable value of main property is below £15,000, and secondary properties (in England) have an individual rateable value of below £2,900, and the total combined rateable values of all occupied property is below £20,000 outside Greater London and £28,000 inside Greater London.
- Eligible businesses with rateable values of below £12,000 receive 100% rate relief on their liability. Relief decreases on a sliding scale of 1% for every £30 of rateable value over £12,000, up to £15,000.
- Eligible businesses with rateable values of between £15,000 and £50,999 will have their liability calculated using the small business multiplier.



# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Discretionary charitable/not for profit relief/ local discounts

- Discretionary reliefs ([s.47](#))– must have a policy for guidance.
- Top up 80% mandatory up to 100% (occupied properties only).
- Non-profit making organizations and recreational clubs up to 100% (occupied properties only)
- For any other purpose if satisfied reasonable to do so having regard to the interests of the council taxpayers. ([Localism Act 2011](#)) Relief can be granted up to 100% and for occupied or unoccupied.
- Must give 12 months notice to vary or cancel.
- Limits on backdating if decision made after 30th September.

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Discretionary rural rate relief

Applies to any rural business, not just those detailed in mandatory criteria.

- RV Limit £16,500
- Must benefit the local community
- Can top up Mandatory Relief
- Can be up to 100%

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### **S44a part occupied relief**

- Applies where part of a property is empty for a short time only
- Is discretionary, but the discretion applies only to asking the VO to split the RV between empty and occupied parts
- Relief can be granted for a maximum of 3 months (or 6 months for industrials), unless the property would otherwise be exempt from empty rates i.e. Listed building
- However, a new period of relief may be granted if the empty part of the property changes

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Hardship relief s.49

- Authority can reduce or remit on grounds of hardship:
  - ❖ If satisfied ratepayer would suffer hardship;  
AND
  - ❖ Reasonable to do so having regard to the interests of it's Council Tax payers
- Exception rather than the rule
- Applies for either occupied or unoccupied properties.

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Autumn/budget statement temporary reliefs and discounts

- All discretionary.
- All funded separately outside of the retention scheme by Section 31 grant.
- All subject to Small Amounts of Financial Assistance (SAFA) rules (formerly known as State Aid).
- Granted using s47 Powers but expected to follow guidance.



# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### Autumn/budget statement temporary reliefs and discounts

- New build empty property relief (2013 – 2018)
- Retail Relief (2014 – 2016)
- Reoccupation relief (2014 – 2016)
- Flood relief (2014 & 2015)
- Supporting small business relief (2017 – 2022)
- Revaluation support discretionary relief scheme (2017 – 2021)
- Pub relief (2017 – 2019)
- Retail discount (2019 – 2021)
- Retail discount (2011 – 2022)

# Introduction to non-domestic rates

## Exemptions, reliefs and discounts

### COVID 19 Measures

Several reliefs and discounts relating to non-domestic rates were introduced to specifically support businesses impacted by the COVID-19 pandemic.

- Expanded retail discount 2021/2022
- Pub discount 2020/21
- Nursery (childcare) discount 2021/2022
- Covid -19 additional relief fund (CARF) 2021/2022

# Introduction to non-domestic rates

## Exemptions reliefs and discounts

### Freeports business rates relief

- Announced in budget 2021
- Awarded under discretionary powers (s.47) authorities must adopt local scheme.
- Reimbursed under s.31 grant.
- Applies to 8 new freeport sites:-  
East Midlands Airport; Felixstowe & Harwich; Humber; Liverpool City Region; Plymouth & South Devon; Solent; Teeside; Thames.
- 100% relief available for businesses occupying new or existing properties in freeport site on or before 30<sup>th</sup> September 2026 for 5 years from date first claimed.

# Introduction to non-domestic rates

## Exemptions reliefs and discounts

### Relief for local newspapers

- Effective from 1<sup>st</sup> April 2017 until 31<sup>st</sup> March 2025
- Awarded under discretionary powers (s.47).
- Applicable for office space occupied by local newspapers.
- Award up to £1,500.00 per year.

# Introduction to non-domestic rates

## Exemptions reliefs and discounts

### Retail, Hospitality and Leisure Relief

- Occupied properties only.
- Eligible retail, hospitality and leisure properties.
- 50% relief up to a cash limit of £110,000 per business during 2022/23.
- Must not breach subsidy allowance threshold.

# Introduction to non-domestic rates

## Exemptions reliefs and discounts

### Extension of transitional relief

- Temporary measure for 2022-23.
- Gives ratepayers in upward transition same level of protection they would have had if the 2017 scheme extended to next revaluation.
- Only applies to properties with an RV up to and including £100,000 as at 1<sup>st</sup> April 2017.



# Introduction to non-domestic rates

## Exemptions reliefs and discounts

### Extension of supporting small businesses relief

- Temporary measure for 2022-23.
- Supports businesses who lost entitlement to small business rate relief in 2017 due to RV increases.
- Bill can only increase year on year by the greater of either 15% or £600.

# Introduction to non-domestic rates

## Exemptions reliefs and discounts

### Heat network relief

- Announced in spring statement 2022 (guidance published 21 July 2022)  
[Business rates heat network relief: local authority guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/business-rates-heat-network-relief-local-authority-guidance)
- 100% relief effective from 1<sup>st</sup> April 2023, awarded under discretionary powers (s.47).
- Criteria: -
  - ❖ Must be a separate assessment
  - ❖ Be wholly or mainly used for the purpose of a heat network; and
  - ❖ The heat (over the next 12 months), is expected to be generated from a low carbon source.
- The low carbon source doesn't have to be on the same premises.

# Introduction to non-domestic rates

## Exemptions reliefs and discounts

### UK Subsidy – Small amounts of financial assistance allowance

#### Article 364 Trade and Cooperation Agreement

- Applies to all discretionary relief awards (\*\*see below)
- Introduced on 4<sup>th</sup> March 2021 (previously State Aid rules).
- Company (and subsidiaries) can receive up to 325,000 special drawing rights over a 3 year rolling period. (i.e. current financial years & previous 2 financial years), \*\* not including any Expanded Retail Discount granted in 2020/21 or 2021/22
- Use calculator to covert to GBP value [https://coinmill.com/SDR\\_calculator.html](https://coinmill.com/SDR_calculator.html)
- **Responsibility lies with the business, on a self-assessment basis, to determine if by accepting the relief that they are not breaching the SAFA limit**

# Introduction to non-domestic rates

## Exemptions reliefs and discounts

### Relationship between reliefs.



# Any questions?

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