

ENGLAND - COVID 19 – BUSINESS RATES WHAT NEW RELIEFS FROM RATING ARE AVAILABLE FOR MY BUSINESS?

www.bclplaw.com

BRYAN
CAVE
LEIGHTON
PAISNER **BCLP**

BACKGROUND

On 17 March 2020 the Chancellor of the Exchequer announced measures to help businesses through the current crisis including increasing the amount businesses can borrow through the Coronavirus Business Interruption Loan Scheme to £5 million, with the first 6 months interest free.

RATING OF LEISURE AND HOSPITALITY BUSINESSES

A £20 billion package of business rates support and grant funding will help the most-affected firms manage their cash flow through this period. The business rates retail discount is increased to 100% for one year and applied to the leisure and hospitality sectors.

The following types of businesses in England will receive a 100% business rates holiday for the next 12 months (Wales and Scotland have not yet updated their guidance but we expect them to adopt the same position). The government may add to this list in the coming weeks. Local authorities should apply the relief to all eligible properties, and businesses that qualified for the retail discount in 2019-20 will be rebilled by their local authority as soon as possible.

- Retail
- Hospitality
- Leisure
- Estate Agents
- Letting Agencies
- Bingo Halls

The package applies to occupied properties only. When an occupier shuts a unit, they will still need to demonstrate the unit is rateably occupied in order to qualify. Occupiers should consider leaving stock and other chattels in place to demonstrate rateable occupation.

Some of the original exclusions for this relief have been removed, so that retail, leisure, and hospitality properties that have closed as a result of the Covid-19 restriction measures will now be eligible for the relief.

GUIDANCE ON TYPES OF BUSINESSES WHO WILL NOT GET RELIEF

The types of uses that the government does not consider to be an eligible use for the purpose of the relief:

(i) Hereditaments that are being used for the provision of the following services:

- Financial services (eg. banks, building societies, cash points, bureaux de changes, short-term loan providers)
- Medical services (eg. doctors, dentists, vets, osteopaths, chiropractors)
- Professional services (eg. solicitors, accountants, insurance agents, financial advisors)
- Post office sorting offices

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

* It is for local authorities to determine themselves whether particular properties are broadly similar in nature to the above types of properties and, in doing so, consider whether they are eligible for relief under their local scheme.

PUBS

The planned rates discount for pubs rises to £5,000.

SMALL BUSINESSES

Grants to small businesses eligible for Small Business Rate Relief rise from £3,000 to £10,000.

£25,000 grants will be made to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value over £15,000 and below £51,000.

STATE AID

Having discussed the matter with the European Commission, the government has determined that, given the impact of Covid-19 on the sectors receiving relief, the expanded retail, leisure and hospitality business rates discount 2020-21 will not be considered to be a state aid.

WHAT YOU MUST DO

Local authorities will automatically apply the discount to business rates bills for 2020-21 where the qualifying criteria are clearly satisfied - there is no application process. Businesses that automatically qualify that have already received their 2020-21 bill should expect to receive a revised bill in due course.

If you're not getting a relief that you think you're entitled to – particularly in cases where your local authority is required to use its discretion to consider whether your business is eligible, you should contact your local authority.

MUST I PAY MY RATES IN THE MEANTIME?

If you have received a rates bill you should pay. If you wish to defer payment because you consider that you qualify for the new relief, speak to your local authority.

WHAT NEXT?

We will provide updates as further guidance for local authorities on the application of the expanded retail discount is published.