



Llywodraeth Cymru
Welsh Government

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Business Rates

Wales Retail Relief 2015-16

Guidance

Version 1

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Business Rates Wales Retail Relief – Guidance

About this guidance

1. This guidance is intended to support local authorities in administering the “Wales Retail Relief Scheme” announced by the Welsh Government in April 2015. This Guidance applies to Wales only.
2. This guidance sets out the detailed criteria which the Welsh Government will use to determine funding relief for retail properties. The Guidance does not replace existing legislation on retail properties or any other relief.
3. This is Version 1 of the Wales Retail Relief 2015-16 Guidance.
4. Enquiries on the Schemes should be sent to: businessrates@wales.gsi.gov.uk
5. The relief is being offered from 1 April 2015 and will be available until 31 March 2016. Applications for relief under the Wales Retail Relief 2015-16 scheme will not be accepted after 31 March 2016.

Introduction

6. The retail sector is changing, particularly due to internet shopping, and many high streets are having to adapt to changing consumer preferences in how people shop. This relief aims to support businesses in Wales that are responding to the challenges that result from this changing retail environment. It is also aimed at contributing to the development of sustainable and vibrant town centres.
7. The Welsh Government has announced that it will provide relief of up to £1,500 on the business rates bill for all occupied retail properties with a rateable value of £50,000 or less in the financial year 2015-16, subject to State Aid limits.
8. This document provides guidance on the operation and delivery of the scheme.

Section 1:

Wales Retail Relief 2015-16

How will the relief be provided?

9. 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 billing authorities to decide to grant relief under section 47 but the Welsh Government will reimburse local authorities for the relief that is provided in line with this guidance (using a grant under s31 of the Local Government Act 2003).

How will the scheme be administered?

10. Local authorities will be asked to identify the total amount of relief provided under the scheme in their National Non Domestic Rate Return 3 (NNDR3) return. A line will be provided in the NDR3 return for this purpose.
11. Due to the State Aid requirements, the Scheme is application based.
12. Local authorities are responsible for providing ratepayers with clear and accessible information on the application process.

Which properties will benefit from relief?

13. Properties that will benefit from the relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used as retail premises, that is, shops, restaurants, cafes and drinking establishments.
14. We intend that, for the purposes of the scheme, “shops, restaurants, cafes and drinking establishments” will mean as follows (but 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: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, newsagents, hardware stores, supermarkets, etc)
 - Charity shops
 - Opticians
 - Pharmacies
 - 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
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ 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/drive in restaurants
- Takeaways
- Sandwich shops
- Cafés
- Coffee shops
- Pubs
- Wine Bars

15. To qualify for the relief the hereditament should be wholly or mainly being 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.
16. The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for authorities as to the types of uses that the Welsh Government considers for this purpose to be retail. 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.

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

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

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office
- Tourism accommodation such as 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

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

19. Accordingly, if a hereditament falls within paragraph 18(i) or (ii) 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 14 (i), (ii) or (iii).

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 £1,500. The amount does not vary with rateable value and there is no taper. There is no relief available under this scheme for properties with a rateable value of more than £50,000. Local authorities may however use their discretionary powers to offer further discounts outside this scheme.

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:

$$\text{Amount of relief to be granted} = \text{£}1500 \times \frac{A}{B}$$

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

22. Wales Retail Relief can be provided in addition to Small Business Rates Relief as well as any hardship or discretionary relief awarded by the local authority. The relief will be applied against the net bill after the other reliefs have been applied.
23. Where the net rate liability for the day after all other reliefs but before retail relief is less than the retail relief, 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.
24. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits.

Splits, mergers, and changes to existing hereditaments

25. The relief should 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, should be considered afresh for the relief on that day.

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. However Wales Retail 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).
28. Desk instructions covering the administration of De minimis schemes are available at:

<http://wales.gov.uk/topics/businessandconomy/stateaid/guidance/deminimus/?lang=en>

Section 2 – Calculation examples for 2015-16

Example 1 – An occupied shoe shop with a rateable value of £40,000

Rateable Value = £40,000

Rates due (excluding any reliefs) = £40,000 x 0.482	= £19,280
Minus 12 months Wales Retail Relief = £19,280 - £1,500	= £17,780
Rates due (including Wales Retail Relief)	= £17,780

Example 2 – A shoe shop with a rateable value of £40,000 that is unoccupied between 1 April 2015 and 30 September 2015 and is then occupied until 31 March 2016.

Rateable Value = £40,000

Rates due (excluding any reliefs) = £40,000 x 0.482	=	£19,280,
Minus 3 months (no empty rates payable) = £40,000 x 0.482 x $\frac{91}{365}$	=	£4,806.79
Minus 6 months Wales Retail Relief (01/10/15-31/03/16) = £1,500 x $\frac{182}{365}$	=	£747.94
Total due for year	=	£13,725.27

Example 3 – An occupied shoe shop with a rateable value of £10,000 that is in receipt of small business rate relief of £473 per year.

Rateable Value = £10,000

Rates due (excluding any reliefs) = £10,000 x 0.482	=	£4,820
Minus small business rate relief of 10% = £4,820 - £482	=	£4,338
Minus 12 months Wales Retail Relief = £4,338 - £1,500	=	£2,838
Rates due (including all reliefs)	=	£2,838