



# **Business Rates Relief Policy**

## **2020-2025**

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**REVIEWED 2020**

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**Colchester Borough Council**

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# Introduction

Local Authorities can award both mandatory and discretionary relief for Business Rates. This policy aims to maximise reliefs distributed locally, whilst supporting the Council to collect rates to fund local services.

This policy aims to:

- Create clear criteria and a short and simple application process
- Support local businesses as much as possible without impacting on Council resources
- Support local facilities and amenities
- Support rural communities
- Minimise administration for the Council

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**[Visit our website to find out more about Business Rates  
or to apply for relief.](#)**

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# Types of Relief

Reliefs are funded either by Central Government or through a split between Local Authority, Major Precepting Authorities and Central Government. The following principles apply:

**Central Government** – Relief funded 100% by Government will be distributed as widely as possible, therefore based on the minimum criteria set by government or within legislation.

**Locally funded** – Where the distribution of relief will impact on the Council and in some cases precepting authorities budgets, the criteria will be based on the benefit to the local community in relation to the impact on local services.

## Mandatory Charity Relief

Section 43 Local Government Finance Act 1988

80% Relief is available to occupied hereditament where the rate payer is a charity or trustee of a charity which is:

- Registered with the Charity Commission or exempt from registering with the Charity Commission by legislation (Charities Act 1993).
- Registered Community Amateur Sports Clubs (Section 64 Local Government Act 2003).

Charity shops must be wholly or mainly used for the sale of goods donated to a charity and the proceeds of the sale of goods are applied for the purposes of the charity.

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# Small Business Rate Relief

Local Government Act 2003

- Businesses with RV up to £12,000 will receive 100% relief.
- Businesses with RV over £12,000 up to £14,999 receive 100% decreasing on a sliding scale by 1% for every £30 of RV between £12,000 and £14,999.
- Businesses with RV £15,000 to £51,999 will use small business multiplier for calculating the bill.

# Empty Property Relief

Section 45 Local Government Finance Act 1988

If a property is empty, an exemption can be applied for the first three months or six months for certain industrial premises. To qualify for the exemption period the property must have been occupied continuously for six weeks prior to it being vacated.

# Transitional Relief

Non-Domestic rating (Chargeable Amounts) (England) Regulations 2016

Transitional arrangements are used to phase any significant increase or decrease to rateable value. The transitional arrangements will support ratepayers who have had a significant increase by allowing them time to adjust to their new rates bills.

# Part Occupation Relief

Local Government Finance Act 1988 - Section 44A

Where a property is partly occupied, we may be able to award relief based on the unoccupied part of the property.

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- The relief can be 3-6 months to mirror the normal exemption allowance for empty properties but must not exceed the end of the financial year.
  - It is not possible for an award to be considered for a retrospective period.

A scale plan must be provided clearly identifying the areas of occupation and those that are temporarily unoccupied. A Revenues Inspector will require access to the property by appointment during normal working hours to see how the property is being used.

Please send applications to by email – [business.rates@colchester.gov.uk](mailto:business.rates@colchester.gov.uk)

## **Mandatory Rural Rate Relief**

Local Government Finance and Rating Act 1997

50% Relief is available to the following business properties in designated rural settlement areas for Colchester:

- A General Store with RV not exceeding £8,500 mainly or wholly consisting of the sale by retail of food for human consumption, excluding confectionary, and general household goods.
- A Post Office where the hereditament or part of the hereditament is used for the purposes of the Post Office with RV not exceeding £8,500.
- A Public House with RV not exceeding £12,500 where there is a licence under the Licencing Act 2003 authorising the sale of alcohol.
- A Rural Food Shop with RV not exceeding £8,500 where the business consists wholly or mainly of the sale by retail of food for human consumption excluding confectionary and the supply of food in the course of catering.

The qualifying business must be the only one of its kind within that area.

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# Discretionary Rural Rate Relief

Local Government Finance and Rating Act 1997

Hereditaments which qualify for Mandatory Rate Relief under the above 'rural settlement' provisions may be awarded discretionary relief up to 100% relief where the rateable value does not exceed £16,500.

## Discretionary Rate Relief

Section 47 Local Government Finance Act 1988, Localism Act 2011

The Council provides the following discretionary relief:

- 10-20% for organisations in receipt of Mandatory Charity Relief
- 10-20% for organisations which are grant funded by Colchester Borough Council under one of its strategic priorities.
- Up to 20% relief for local organisations with RV under £50,000 which are certified carbon neutral (PAS2060).

Applications will be considered for the individual circumstances of the business in accordance with government guidance. Applications will be more favourably viewed where:

- Membership is open to and affordable to all sections of the local community, or encouraging membership from groups which have protected characteristics
- Facilities are available to people other than members
- Training or education is provided for members
- An organisation that has a bar which is used mainly for bringing together people with similar interests rather than for profit
- Where membership is mainly drawn from people resident in Colchester Borough.

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# Hardship Relief

Section 49 of the Local Government Finance Act 1988

Hardship relief is available for businesses where the ratepayer would sustain hardship if the authority did not do so; and It is reasonable for the authority to do so, having regard to the interests of persons subject to its Council Tax.

We will consider:

- The circumstances which led to the business being in financial hardship and how hardship relief would help the organisation to survive.
- Whether other means of support are available, including through other companies owned by the ratepayer.
- Whether the business supports local employment
- Whether the business provides local amenities and it would be detrimental to the local community for it to close.

For circumstances of local disruption the business should contact the Valuation Office Agency to complete a Check, Challenge or Appeal. [www.gov.uk/introduction-to-business-rates/if-your-business-or-premises-change-or-cant-be-used](http://www.gov.uk/introduction-to-business-rates/if-your-business-or-premises-change-or-cant-be-used).

Relief should not be awarded pending the outcome of a Check, Challenge or Appeal with the Valuation Office Agency.

For all applications, financial hardship must be fully evidenced. This may include accounts, profit and loss, financial statements, evidence of a downturn in custom.

Hardship will be granted only for the period for which there is clear evidence of hardship for the rate payer. It should be awarded for short fixed periods or no longer than 3 months, after which the ratepayer must reapply. Hardship should not be awarded where it would lead to a credit on an account

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# Temporary Reliefs

Section 47 Local Government Finance Act 1988, Section 31 Local Government Act 2003

The government regularly introduces new temporary reliefs to support specific businesses. These fall within the local authorities' discretionary powers and are generally fully reimbursed through provisions under Section 31 of the Local Government Act 2003.

## **Retail Discount (two years 2019-20 and 2020-21)**

Businesses that meet specific criteria and have a rateable value of less than £51,000 will have their bill reduced by one third. The relief will be administered in accordance with the [MHCLG Guidance](#).

## **Supporting Small Business Relief**

This is available for ratepayers whose amount payable has increased significantly in 2017-2018 after the revaluation. The relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

A percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% (2017/18 to 2021/22) all plus inflation, or a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016-2017 after small business rate relief are brought into paying something.

## **Revaluation Relief scheme**

The Government provided a discretionary fund over 4 years from 2017/18 to support businesses which faced increases in rateable value as a result of the 2017 Revaluation. The relief will be distributed proactively considering the following:

- The relief will be targeted to local businesses and generally, hereditaments occupied by national/multinational chain or organisation will not be considered.

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- The amount of the increase in rate liability
  - The ability of the business to pay or part pay the increase.

### **Local Newspaper Relief (three years from 2017/18 to 2019/20)**

From 1st April 2017 local newspapers relief provides a discount of £1,500 for office space occupied by local newspapers. The relief is limited to one discount per ratepayer and per hereditament.

## **Application & award process**

Applications for relief must be made online [www.colchester.gov.uk/business-rates-relief](http://www.colchester.gov.uk/business-rates-relief) unless otherwise specified. In some cases the ratepayer may be required to provide information in addition to the standard application.

The Council can provide assistance or advice to any organisation wishing to apply please email [business.rates@colchester.gov.uk](mailto:business.rates@colchester.gov.uk), or phone 01206 282300.

We aim to make a decision within 28 days.

If a relief is awarded, the business will be informed via email and will then be reflected in a revised Business Rates Bill.

A qualifying organisation or business must inform the Council immediately of any change in circumstance which may affect their entitlement to relief.

The Council will conduct regular reviews of awards to ensure eligibility.

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# Appeals

Under the Local Government Finance Act 1992 there is no statutory right of appeal against a decision made by the Council to grant discretionary relief. The Council can review the decision if the rate payer is unhappy with the outcome. This review will be carried out by the Customer Business Manager and can be escalated to the Assistant Director for Customers.

The right of appeal process does not affect the rate payer's legal right to challenge any decision by way of judicial review.

# State aid

All discretionary relief is subject to the de minimis rule under state aid. This means that any business cannot receive financial support from government over the set threshold of 200,000 euro over 3 years. It is the business's responsibility to inform the Council if they are in receipt of Government aid through other sources.

The Government has announced its intention to transpose EU State Aid rules into UK domestic legislation, with only technical modifications to correct deficiencies with the transposed EU law to ensure the regime operates effectively in a domestic context. To find further information on state aid please visit: <https://www.gov.uk/state-aid>.