



**NATIONAL NON-DOMESTIC RATES  
EXPANDED RETAIL DISCOUNT POLICY  
2021-22**

## 1. Introduction

Since 2019/20 the government has provided a Business Rates Retail Discount for retail properties which for 2020/21 it expanded to include the leisure and hospitality sectors.

On 3 March 2021 the government confirmed that the Expanded Retail Discount would continue to apply in 2021/22 at 100% for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022.

The government confirmed that there would be no cash cap on the relief received for the period from 1 April 2021 to 30 June 2021. From 1 July 2021, relief will be capped at £105,000 per business, or £2 million per business where the business is in occupation of a property that was required, or would have been required, to close, based on the law and guidance applicable on 5 January 2021.

As this is a measure for 2020-21 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in this policy, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.

For the purpose of clarity the 100% relief is for **3 months** only from 1 April 2021 to 30 June 2021.

Local billing authorities are required to adopt a local scheme and determine in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).

Those hereditaments that meet the eligibility criteria for the Expanded Retail Discount are set out in appendix A.

## 2. Refusing Relief

Ratepayers have the option to refuse the discount. The ratepayer may refuse the discount for each eligible hereditament anytime up to 30 April 2022. The ratepayer cannot withdraw their refusal for either all or part of the financial year.

For the purposes of section 47 of the Local Government Finance Act 1988, hereditaments where the ratepayer has refused the relief are outside of the scheme and outside the scope of the decision of which hereditaments qualify for the discount and therefore are ineligible for the relief.

### **3. Calculation of Relief**

Subject to the cash caps, the total amount of government-funded relief available for each property for 2021/22 under this scheme is:

- a. for chargeable days from 1 April 2021 to 30 June 2021 100% of the chargeable amount, and
- b. for chargeable days from 1 July 2021 to 31 March 2022, 66% of the chargeable amount.

The relief should be applied after mandatory reliefs and, other discretionary reliefs funded by section 31 grants have been applied.

Subject to the cash cap, the eligibility for the discount and the discount 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 chargeable day for a particular hereditament in the financial year 2021/22;

Amount of relief to be granted =  $V \times$  percentage Expanded Retail Discount as found at sections 3a. and 3b. above where:

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants.

Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties subject to the cash caps explained below.

### **4. Cash Caps**

No cash caps will apply for the period between 1 April 2021 to 30 June 2021.

Under the cash caps, a ratepayer may only receive up to the following cash caps of Expanded Retail Discount in 2021/22 ignoring any relief for the period before 1 July 2021:

- a. £2 million for ratepayers meeting the eligibility for the closed cash cap test set out in Annex B, or
- b. £105,000 for all other ratepayers

No ratepayer can in any circumstances exceed the £2 million cash cap across all of their hereditaments in England. Where a ratepayer eligible for the closed cash cap also occupies hereditaments which do not meet the criteria for the closed cash cap and the value of the discount on the closed hereditaments is less than £2 million then they may also claim the discount on other eligible hereditaments but only up to the cap of £105,000 in respect of those other eligible hereditaments. For example, such a ratepayer whose rate bill from 1 July 2021 onwards on hereditaments eligible for the closed cash cap is £1 million and also occupies other eligible hereditaments with a rates bill of £3 million is able to claim up to £1,105,000 in discount from 1 July

2021 onwards (£1million on their closed hereditament and then up to the £105,000 cash cap on their other eligible hereditaments).

Where a ratepayer has a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purposes of the cash caps. A ratepayer shall be treated as having a qualifying connection with another:

- a. where both ratepayers are companies, and
  - i. one is a subsidiary of the other, or
  - ii. both are subsidiaries of the same company; or
- b. where only one ratepayer is a company, the other ratepayer (the “second ratepayer”) has such an interest in that company as would, if the second ratepayer were a company, result in its being the holding company of the other.

In those cases where it is clear to the local authority that the ratepayer is likely to breach the cash caps then the authority should automatically withhold the discount

## **Appendix A – eligibility for the Expanded Retail Discount**

Hereditaments that meet the eligibility for Expanded Retail Discount will be occupied hereditaments which meet all of the following conditions for the chargeable day:

- a. They are wholly or mainly being used:
  - i. As shops, restaurants, cafes, drinking establishments, cinemas and live music venues; or
  - ii. For assembly and leisure; or
  - iii. As hotels, guest & boarding premises and self-catering accommodation

The Government consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

### **Hereditaments that are being used for the sale of goods to visiting members of the public:**

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc.)
- Charity shops
- Opticians
- 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)

### **Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc.)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire
- Employment agencies

- Estate agents and letting agents
- Betting shops

**Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:**

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

**Hereditaments which are being used as cinemas**

**Hereditaments that being used as live music venues:**

- live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, further guidance will be sought by reference to Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003.

The Government consider assembly and leisure to mean:

**Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including the viewing of such activities)**

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions

- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

### **Hereditaments that are being used for the assembly of visiting members of the public**

- Public halls
- Clubhouses, clubs and institutions

The Government considers hotels, guest & boarding premises and self-catering accommodation to mean:

### **Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:**

- Hotels, Guest and Boarding Houses
- Holiday homes
- Caravan parks and sites

To qualify for the discount the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), 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. For the avoidance of doubt, hereditaments which have closed due to the government's advice on COVID19 should be treated as occupied for the purposes of this relief.

The list set out above is not intended to be exhaustive. The authority will determine whether particular properties not listed are broadly similar in nature to those above and, if so, consider them eligible for the relief.

### **Hereditaments that will not benefit from the relief**

The Government does not consider that the following types of uses are eligible for the purposes of this discount:

### **Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- Financial services (e.g. banks, building societies, cash points, bureaux 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)
- Post office sorting offices

Or, **Hereditaments that are not reasonably accessible to visiting members of the public**

## **Appendix B – eligibility for the Closed Cash Cap (£2million)**

Ratepayers that meet the eligibility criteria for the closed cash cap will be ratepayers who for a chargeable day occupy one or more hereditaments whose use on the chargeable day would, based on the law and guidance applicable on 5 January 2021, have meant that the business or activity would have been mandated to close by the government.

For the avoidance of doubt, hereditaments which have closed due to the government's response to coronavirus should be treated as occupied for the purposes of the closed cash cap.

If, under this eligibility test, a person would have been required to close its main, in-person service but could have adapted its business to operate takeaway, click and collect or online with delivery services, it will be considered closed and be eligible for the closed cash cap because its substantive business would have been mandated to close.

In cases where hereditaments would have remained open to provide services that can continue as they are exempt from the regulations (e.g. post office services, food banks) the ratepayer may still be eligible for the closed cash cap, because they would have been unable to provide their main in-person service.

The following hereditaments do not meet eligibility for the closed cash cap:

- a. Hereditaments occupied by businesses and other ratepayers that would have been able to conduct their main service because they do not depend on providing direct in-person services from premises and can operate their services effectively remotely (e.g. accountants, solicitors).
- b. Hereditaments whose occupiers may have chosen to close but not been required to.