

## **RATE RELIEF FOR SUPPORTING SMALL BUSINESSES 2017/18 – NOTES FOR GUIDANCE AND INFORMATION**

### **Introduction**

The Chancellor confirmed in the Spring Budget on 8 March 2017 that the Government had announced that a scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief as a result of the revaluation from 1 April 2017.

### **How will the relief be provided?**

As this is a temporary measure for 2017/18 to 2021/22, the Government is not changing the legislation. It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief under section 47(3) of the Local Government Finance Act 1988.

Central Government expects local billing authorities to grant relief to qualifying ratepayers.

### **Who will be eligible for Relief?**

The supporting small businesses relief scheme will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their small business or rural rate relief and, as a result, are facing large increases in their bills from 1 April 2017.

### **How much relief will be available?**

To support these ratepayers, the Supporting Small Businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- a. a percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation. Unlike the transitional relief scheme, for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief , or
- b. 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 2016/17 after small business rate relief are brought into paying something.

In the first year of the scheme, this means all ratepayers losing some or all of their small business rate relief or rural rate relief will see the increase in their bill capped at £600. The cash minimum increase is £600 per year thereafter. This means that ratepayers who are currently paying nothing under small business rate relief and are losing all of their entitlement to relief (i.e. moving from

£6,000 rateable value or less to more than £15,000) would under this scheme be paying £3,000 in year 5.

### **Recalculations of Relief**

The amount of relief awarded will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

### **State Aid**

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 the support for ratepayers will be State Aid compliant where it is provided in accordance with the *de minimis* regulations (EC 1407/2013).

The *de minimis* regulations allow an undertaking to receive up to €200,000 of '*de minimis*' aid over a rolling three year period (consisting of the current financial year and the two previous financial years).

Pubs are within the scope of State Aid law as companies within the hospitality sector can and do set up business in other Member States as they trade on a market. Linked enterprises are considered as one single undertaking for the application of the *de minimis* rule, therefore can receive €200,000 *de minimis* aid (including that outside of business rates relief) over three years.

All applicants will be required to complete a declaration form to confirm that they have not received more than the De Minimis amount of State Aid.

Guidance on State Aid is available via the government web site at <https://www.gov.uk/guidance/state-aid>