



Non Domestic Rates
Local Discretionary Transitional Relief Policy

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Introduction

1. The Non Domestic Rates transitional relief scheme was introduced in 2010 to help those ratepayers who were faced with higher rate bills which occurred as a result of rates revaluation. The transitional relief scheme ends on 31 March 2015 and as a result a small number of ratepayers will face an increase to their full rates bill from 1 April 2015.
2. The government announced in the Autumn Statement on 3 December 2014 that it will extend to 31 March 2017 the current transitional relief scheme for properties with a rateable value up to and including £50,000.
3. Section 69 of the Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988. These changes extend the provision relating to the granting of discretionary rate relief.
4. The Local Government Finance Act 1988 gives Local Authorities the power to grant discretionary retail transitional rate relief to properties with a rateable value up to and including £50,000 who would have received transitional relief in 2015/16 or 2016/17 had the existing transitional relief scheme continued in its current format.
5. This document provides detail about the operation and delivery of the policy.

Which properties will benefit from relief?

6. Hereditaments that will benefit are those with a rateable value up to and including £50,000 which would have received transitional relief in the financial years 2015/16 or 2016/17 had the existing transitional relief scheme continued in its current format.
7. In line with the existing thresholds in the transitional relief scheme, the £50,000 rateable value threshold will be based on the rateable value shown in the valuation list at 1 April 2010 or the substituted day in the case of splits and mergers.
8. This policy applies to transitional relief only (i.e. those moving to higher bills).
9. As the grant of the relief is discretionary, the Council 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.

Available relief

10. There is no relief available under this policy for hereditaments with a rateable value of more than £50,000 at 1 April 2010, or the substituted day for splits and mergers.
11. Changes in rateable value which take effect from a later date than 1 April 2010, or the substituted day in the case of splits and mergers, will be calculated using the

normal rules in the transitional relief scheme prior to 1 April 2015. That is, N over J for reductions, or N minus J for increases.

12. For the avoidance of doubt, hereditaments with a rateable value of £50,000 or less on 1 April 2010 (or the substituted day in the case of a split or merger) but increase above £50,000 from a later date will still be eligible for transitional relief.

13. Where Valuation Office Agency issues a certificate for the rateable value at 31 March 2010 or 1 April 2010, this will be used in the calculation of transitional relief.

14. The eligibility for transitional relief and the relief itself will be assessed and calculated on a daily basis.

15. The relief will be applied against the net non-domestic rate bill after all other reliefs have been taken into account.

16. Where the net rate liability for the day, after all other reliefs but before transitional relief, is less than the transitional relief, the maximum amount of transitional relief will be no more than the value of the net rate liability.

17. Ratepayers that are liable to pay rates in respect of more than one hereditament will be entitled to relief for each of their eligible properties, subject to State Aid de-minimis limits.

18. Where a property is situated in a designated Enterprise Zone (EZ) in Harlow, transitional relief will be calculated after any entitlement to EZ Relief.

19. This policy will apply to occupied and unoccupied hereditaments.

20. Ratepayers will not be required to apply for discretionary transitional relief.

21. The award of transitional relief this will be administered by the Council's Revenues & Benefits service.

22. The policy will apply to transitional relief awarded for the financial years beginning on 1 April 2015 and 1 April 2016, and ending on 31 March 2016 and 31 March 2017 respectively.

Recalculations of relief

23. The award of transitional relief will be calculated in a daily basis, and will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value of the hereditament. A change of circumstances could arise during the financial year in question or during a later year.

24. Whilst The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require Harlow Council to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect, within these regulations, Harlow

Council may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the financial year to reflect changing circumstances

Right of appeal

25. There is no statutory right of appeal against a decision made by the Council in respect of discretionary transitional relief. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. This review will be carried out independently by the Head of Finance in consultation with the Cabinet Member of Resources.

26. If an unsuccessful applicant decides to request a review, they will still need to continue to pay their rates bill. Once the review has been conducted, the ratepayer will be informed in writing whether the original decision has been revised or upheld. Notification of the decision will be made within 28 days, or as soon as reasonably practicable.

27. The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

Transitional relief in the Enterprise Zone (EZ)

28. If a property in an Enterprise Zone is not eligible for EZ relief, or EZ relief has been awarded at less than 100%, or that relief has ended, transitional relief may be granted.

State aid

29. 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 extension of transitional relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations.

30. The De Minimis Regulations allow 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).

31. To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation).

32. Ratepayers are required to notify the Council's Revenues & Benefits Service if they believe that the award of discretionary transitional relief will result in the De-minimus aid level being exceeded

Calculation for the extension of transitional relief

The transitional relief scheme should be assumed to remain as it is in the current statutory scheme as prescribed in the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2009 No. 3343 (SI 2009/3343).

Under the existing statutory transition scheme which ends on 31 March 2015, transitional relief is calculated before all other reliefs. The extension of transitional relief into 2015/16 and 2016/17 will be delivered via section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act) which is measured after other reliefs (including other Localism Act delivered reliefs such as retail relief).

Transitional relief caps

The transitional relief scheme should be assumed to remain as it is in the current statutory scheme in accordance with SI 2009/3343, except that:

- a) The cap on increases for small hereditaments with a rateable value of less than £18,000 in the financial years 2015/16 & 2016/17 should be assumed to be 15%. This is before the increase for the change in the multiplier, and
- b) The cap on increases for other hereditaments with a rateable value of between £18,000 up to and including £50,000 in the financial years 2015/16 and 2016/17 should be assumed to be 25%. This is before the increase for the change in the multiplier..

Values of X and Q for calculation of relief

In accordance with Regulation 8 (1) of SI 2009/3343 the appropriate fraction for the calculation of relief is:

$$\frac{X \times Q}{100}$$

The following values for X and Q in the financial years 2015/16 and 2016/17 should be assumed for the purposes of Regulation 8(2) and Regulation 8(3) of SI 2009/3343

	2015/16	2016/17
RV is £18,000 or more (Regulation 8(2))		
Value of X	125	1.25
Value of Q	1.019	1.019
RV is less than £18,000 (Regulation 8(3))		
Value of X	115	115
Value of Q	1.019	1.019

Examples of transitional relief calculation

To calculate transitional relief Harlow Council will undertake the following steps:

Step 1: identify those eligible properties which would have qualified for transitional relief in 2015/16

Step 2: calculate the actual rates bill for those properties in 2015/16 after all other reliefs assuming transitional relief has ended

Step 3: calculate the rates bill for those properties in 2015/16 after all other reliefs assuming transitional relief continued

Step 4: calculate the difference between stage 2 and 3 and award a Localism Act discount to that value.

Example 1

If a ratepayer would have been eligible for transitional relief with a cap of 25% in 2015/16 then the rate bill is calculated as follows (ignoring inflation):

	Step 1	Step 2	Step 3	Step 4
	2014/15	2015/16	2015/16	2015/16
Rate bill before any reliefs	10,000	10,000	10,000	10,000
Transitional Relief (had the original scheme continued)	-4,000	n/a	-2,500	n/a
Net bill before Localism Act Discount	6,000	10,000	7,500	10,000
Localism Act Discount (to give effect of Transitional Relief)	n/a	n/a	n/a	-2,500
Net rates bill	6,000	10,000	7,500	7,500

For illustration purposes it has been assumed that the multiplier does not change between years.

This is the simple case. The value of the transitional relief had the scheme continued is £2,500. In practice extending transitional relief will be achieved by awarding a Localism Act discount which is calculated at the end of the bill. But because there are no other reliefs the value of the discount is £2,500 to ensure that in practice transitional relief continues.

Example 2

If for example the same ratepayer would have fallen out of transitional relief in 2015/16 and also receives 80% charitable mandatory relief then their bill is calculated as follows (ignoring inflation):

	Step 1	Step 2	Step 3	Step 4
	2014/15	2015/16	2015/16	2015/16
Rate bill before any reliefs	10,000	10,000	10,000	10,000
Transitional Relief (had the original scheme continued)	-4,000	n/a	-2,500	0
Net bill before charitable relief or Localism Act Discount	6,000	n/a	7,500	10,000
Charitable Relief	-4,800	-8,000	-6,000	-8,000
Localism Act Discount (to give effect of Transitional Relief)	0	0	0	-500
Net rates bill	1,200	10,000	1,500	1,500

For illustration purposes it has been assumed that the multiplier does not change between years.

In the above example, the amount of transitional relief awarded in 2015/16 would have been £2,500 had the scheme continued in its current form. Extending transitional relief will be achieved by awarding a Localism Act discount which is calculated after all other reliefs. The value of the discount to ensure in practice transitional relief continues is £500.