



Business Rate Relief: Expanded Retail Discount Scheme 2020/21

This advice note considers the provision of Business Rate Relief as proposed by the government on 11 March within the budget statement.

It is important to note that the situation is very fluid and government guidance is changing daily. We can therefore only provide a general guide that should be used with care. The information in this note is based on information released by the Government as at 02 April.

What is the Expanded Retail Discount Scheme 2020/21

On 29 October 2018 the Government announced the creation of a scheme to provide a business rates retail discount to certain businesses in the 2010/20 tax year. This scheme was initially designed to assist retail shops affected by the downturn of business on the high street.

Within the budget statement on 11 March 2020 the Government announced that this scheme would be extended in scope to 100% discount, apply to the years 2020/21 and extended to include businesses affected by the developing Coronavirus epidemic. An outline of the scheme is available at:-

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875613/Expanded_Retail_Discount_Guidance_25.03.20.doc.pdf

How does the scheme work?

The guidance provided by Government is designed to empower local authorities to use discretionary relief powers under section 47 of the Local Government Finance Act 1988.

Who can apply for support under the scheme?

The scheme is designed to support premises that are being wholly or mainly used,

- for retail/shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
- for assembly and leisure; or
- as hotels, guest & boarding premises and self-catering accommodation. Retail/shops, restaurants, cafes, drinking

Am I entitled to support under the scheme?

The scheme is designed to apply to retail premises that are being used for the sale of goods or services to visiting members of the public. As the scheme is designed for interpretation and application by the various local authorities it is likely that we will see some variation as to how it is interpreted.

The guidance provided by the Government therefore clearly and easily includes second-hand car lots and petrol stations.

It is not as clear whether this will cover premises that are providing mechanical repairs, body shop services or MOT testing facilities. However, as all member premises are open to the public, as both goods in the form of replacement parts as well as services are being provided it is the position of the RMI that premises that are providing mechanical repairs, body shop services or MOT testing facilities should be included within the definition of retail premises/shop and we are working hard to obtain further clarification from the government.

Is there any other support that I am entitled to?

In addition to any Business rates relief, the Government has also created the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant (RHLG). A detailed guide to both of these schemes will be provided in due course. However an outline of both schemes is available at:-

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/877286/small-business-grant-fund-and-retail-guidance-v3.pdf

Under the SBGF certain businesses with a rateable value of under £15,000 will be entitled to a grant of £10,000.

Under the RHLG certain businesses with a rateable value of under £51,000 will be entitled to a grant of £25,000.

What Should I do?

Where your premises are open to the public for the provision of goods and services then your local council should automatically administer the scheme in due course. However in the current crisis councils may react differently or be delayed in their response. As cash flow is likely to be a priority for members we are therefore advising members to:-

1. Cancel any direct debits in place for business rates in order to prevent payment being taken automatically or in error.
2. Contact your local council in writing to explain why it is your position that you are entitled to relief under the scheme.

In order to help members the RMI have created a template letter that can be used by members to contact their local councils.

In Conclusion

Don't forget, this advice is general in nature, particularly for members that are providing mechanical repairs, body shop services or MOT testing facilities where the Government position continues to be subject to clarification. This advice will therefore need to be tailored to any one particular situation. Should you find yourself in the situation above, contact us at any stage for advice and assistance as appropriate.

Motor Industry Legal Services

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which specialises in motor law and motor trade law. MILS currently advises over 1,000 individual businesses within the sector as well as the Retail Motor Industry Federation (RMI) and its members.