

GOVERNMENT ENFORCES CLOSURE ON ALL, 'NON-ESSENTIAL' BUSINESSES IN PANDEMIC

The Government have now released a detailed list of all the businesses which are subject to the [enforced closure](#) with effect from 23rd March. This was made possible by the Secretary of State exercising his [designated powers](#) to enable the police and local authorities to act. At the present time the Government have not issued any clear advice on what, if any, support they will provide for these businesses.

In contrast, on the 16th March, the Government announced a financial [support package](#) for businesses in the retail, hospitality and leisure sectors which provided qualifying businesses with a 12 month business rates period of exemption along with grant aid. It is hoped that this support will now be extended to those Businesses forced to close.

However, it is important to note that the Government is still subject to EU State Aid rules during this transitional period which mean the maximum tax relief that can be given to any single business is set at 800,000 euros. The EU are also allowing additional measures under their [Temporary Framework](#) which include state subsidised loans to companies which the Government has included in its package.

At the moment, the Government have applied to the EU for an exemption to State Aid limits and told Councils to proceed on the assumption that they will be successful in their application. However, large businesses would do well to work on the assumption that it will not succeed for budgetary purposes

GOVERNMENTS CURRENT PROPOSALS

- **Business Rates Exemptions**- All qualifying Retail, Hospitality and Leisure businesses in England will obtain a 12 month business rates exemption. There is no Rateable Value threshold.

The Government guidance to Councils on the scheme can be found [here](#). It is important to review this guide as there are certain types of businesses in these sectors which will not qualify. For the first time businesses that are temporary CLOSED as a result of the Governments advice on COVID-19 will be treated as occupied for this relief. This is welcome news as it allows business to keep their stock on site whilst empty.

Unfortunately, the Government have continued to exclude Medical, Financial & Professional Services along with Post Offices which seems extraordinary as they will equally be affected.

- **Grants**-Businesses in England who qualify for Small Business Rates Relief (SBRR) will be eligible for a grant of £10,000. The criteria for qualifying for SBRR can be found [here](#).
- **Further Grants**- for Retail, Hospitality and Leisure businesses with a Rateable Value between £15,000 and below £ 51,000 will be eligible for grants of £ 25,000 per property. More details can be found [here](#).

For all businesses affected by the restrictions on their staff travelling to and from work unless it is essential, there are a number of measures to consider to mitigate business rates.

- a) **Partial Empty Rate Relief.** -Local Authorities have the discretion to grant partial rates exemption on any non-domestic assessment where the area involved is only temporarily vacant.
- b) **Empty Rates Relief** - When a property becomes vacant it is entitled to mandatory relief from rates, Commercial & Retail (3 months) and Industrial (6 months).
- c) **Intermittent Occupation-** If the property is likely to remain vacant after the expiration of the exemption periods then full rates would be payable. However, by establishing intermittent occupation this can reset the exemption. For more details on this specialist area please contact us.
- d) **Covid-19 Reductions-** The rating legislation enables businesses to make a claim for a reduction in their business rates where there has been a 'material change to the locality'. We consider that the impact of Covid-19 will be sufficiently observable within the locality to qualify as a valid appeal. It is important to note that the timing of the claim cannot be retrospective so we would recommend getting in touch now so we can prepare your case.
- e) **Prohibited from Occupying Premises** – We consider that the enforced closure of business through the exercise of [The Health Protection \(Coronavirus\) Regulations 2020](#) is sufficient to make an application to Councils for business rates exemption during this period. The [Unoccupied Property Regulations](#) provide for such an exemption but Councils may seek to resist the claim if there are any files left on the premises. We consider that this can be countered by the fact that the files cannot be beneficially used by the business and therefore would not constitute occupation. Please [get in touch](#) for further information on this.
- f) **2017 Rating List** - The Government are now consulting on the closure of the right to challenge your current business rates assessment. At present this is likely to be in just over 12 months and if you haven't already had a Professional Adviser review your assessment we would urge you to take action.
- g) **2021 Rating List** –The Valuation Office Agency are currently revaluing all rating assessments for a new rating list which comes into force on 1st April next year. The draft valuations will be available later in the year and it is important that businesses seek advice on the likely impact this will have to their budget.

FOR MORE INFORMATION PLEASE CONTACT US

National Enquiries: +44(0)207 861 1247 - Email: rating@knightfrank.com - Web: www.knightfrankrating.com



Challenge and appeal

Our rating experts can advise if there are grounds to challenge your rateable value and guide you through the complex appeal procedures.



Covid-19 Check

The Current outbreak is considered by us to be a significant material change which would qualify for an allowance. However, claims are time sensitive early contact with us is advisable.



Empty Rate Mitigation

In the event you are vacating a property or taking a phased occupation, we can help to ensure you benefit from the maximum amount of relief. In some instances, we can mitigate your liability by securing successive periods of relief



Rate Payment & Audit

We provide a full service for the payment and management of your rates for large or small portfolios