

COVID-19

Business rates holiday in the UK

18 May 2020

The UK Government has announced that there will be a 12 month business rates holiday for retail, hospitality and leisure businesses for the 2020-2021 tax year. There is no rateable value limit for the relief. This means that no business rates will be payable for these properties during this period. This is a significant saving, given that an average occupier pays annual business rates equal to 50% of its annual rent. The overall cost of the scheme to HMRC is estimated to be £32 billion.

Which properties will benefit from the relief?

Properties that will benefit from the relief must be occupied and wholly or mainly used:

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

Properties that have closed temporarily due to the Government's advice on COVID-19 are treated as occupied for the purposes of this relief.

If the property is a multi-let building, does the building need to be wholly or mainly used for retail, hospitality or leisure to benefit from the relief?

No, this is not necessary.

Business rates are payable for each *hereditament*. Buildings which have more than one occupier, and where the parts in the same occupation are not contiguous because they are separated by other occupations or shared areas such as stairwells and corridors, are treated as multiple hereditaments.

Is there any guidance as to what constitutes a property "mainly" used for retail, hospitality or leisure?

Guidance from the Government states that in a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. The test is not whether the activity conducted at the property is mainly retail, hospitality or leisure, but whether the property is being used wholly or mainly for retail, hospitality or leisure. This means that even if less than 50% of the floor space of the property is used for retail, hospitality or leisure purposes, the relief may be available if the rest of the property remains unused.

How do I know if a property qualifies for the relief?

The Government has provided guidance for local authorities as to which properties it considers fall within the categories. Please see A. – C. below.

A. Shops, restaurants, cafes, drinking establishments, cinemas and live music venues

This includes:

- i. Properties 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)
 - 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)
- ii. Properties being used for the provision of the following services to visiting members of the public:
- hair and beauty services
 - shoe repairs/key cutting
 - travel agents
 - ticket offices
 - dry cleaners and laundrettes
 - PC/TV/domestic appliance repair
 - funeral directors
 - photo processing
 - tool hire
 - car hire
 - employment agencies
 - estate agents and letting agents
 - betting shops
- iii. Properties being used for the sale of food and/or drink to visiting members of the public:
- restaurants
 - takeaways
 - sandwich shops
 - coffee shops
 - pubs
 - bars
- iv. Properties being used as cinemas
- v. Properties being used as live music venues

B. Properties used for assembly and leisure

This includes the following properties:

- i. Properties being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of these 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
- ii. Properties that are being used for the assembly of visiting members of the public:
- public halls
 - clubhouses
 - clubs and institutions

C. Hotels, guest & boarding premises and self-catering accommodation

This includes the following properties:

- hotels, guest and boarding houses
- holiday homes
- caravan parks and sites

Are there any other properties which are subject to the relief?

The Government list is not exhaustive. It is intended as a guide for local authorities as to the types of uses that the Government considers to be eligible for relief. Local authorities will need to determine for themselves whether particular properties not listed are similar to those listed and, if so, to consider them eligible for the relief. It is possible to appeal to the local authority if occupiers think that the local authority has made a mistake. If the occupier is dissatisfied with the local authority's decision, it can appeal to the Valuation Tribunal, and following that, to the High Court.

In addition, properties occupied by nursery providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage will also benefit from a business rates holiday for the 2020-2021 tax year.

Which properties are not eligible for the relief?

The Government list is not exhaustive. It is intended as a guide for local authorities as to the types of uses that the Government considers to be eligible for relief. Local authorities will need to determine for themselves whether particular properties not listed are similar to those listed and, if so, to consider them eligible for the relief. It is possible to appeal to the local authority if occupiers think that the local authority has made a mistake. If the occupier is dissatisfied with the local authority's decision, it can appeal to the Valuation Tribunal, and following that, to the High Court.

In addition, properties occupied by nursery providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage will also benefit from a business rates holiday for the 2020-2021 tax year.

All properties that are not wholly or mainly used for retail, hospitality, leisure or as nurseries will not be eligible for the business rates holiday. There are no plans at present to extend the relief to other properties such as those used for manufacturing.

The Government has specified that it does not consider the following to be an eligible use for the purpose of the relief:

- i.** Properties 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, short-term loan providers)
 - medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
 - professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)
 - post office sorting offices
- ii.** Properties that are not reasonably accessible to visiting members of the public

Do occupiers need to take any action?

There is no need to take any action. Local authorities will automatically reduce the amount of business rates that occupiers are asked to pay and will send occupiers a new bill.

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