



Llywodraeth Cymru
Welsh Government

Guidance

Permanent Small Business Rates Relief Scheme for Wales

Issued: 2019

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

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Non-Domestic Rates

Small Business Rates Relief Guidance

About this guidance

- 1 This document provides guidance on the operation and delivery of the Small Business Rates Relief Scheme (“SBRR”). This guidance applies to Wales only.
- 2 The guidance does not replace any existing non-domestic rates(NDR) legislation or any other relief.
- 3 SBRR may be amended at any time, in which case it is possible that businesses may cease to be eligible for relief.
- 4 Enquiries on the scheme should be sent to:
localtaxationpolicy@gov.wales
- 5 A range of other mandatory and discretionary NDR reliefs are also available and provide assistance to specific types of property or occupiers; these include charitable relief and empty property relief.
- 6 Link to Business Wales webpages for NDR relief schemes:
<https://businesswales.gov.wales/business-rates-relief-in-wales#tabs-2>

Introduction

- 7 NDR are also known as business rates. NDR in Wales are a local tax for raising revenue to pay for local government and police services from non-domestic property owners and occupiers. There are approximately 110,000 non-domestic properties in Wales and NDR raises more than £1 billion a year in Wales which, once collected, is redistributed in full to local authorities and Police and Crime Commissioners.
- 8 NDR are calculated using two variables:
 - the rateable value of a property, which is set by the Valuation Office Agency and
 - the multiplier. This is set on an annual basis by the Welsh Government according to primary legislation, and usually increases in line with inflation.
- 9 SBRR in Wales is entirely funded by the Welsh Government and is the largest NDR relief scheme operating in Wales, providing mandatory rates relief to properties according to their rateable value and broad category of use.
- 10 The Welsh Government provides NDR relief to eligible small businesses.
 - Eligible business premises with a rateable value of up to £6,000 receive 100% relief; and
 - Those with a rateable value between £6,001 and £12,000 receive relief on a tapered basis from 100% to zero.
 - Certain business categories benefit from an additional level of relief. For example post offices and registered childcare premises.
 - From April 2018 the number of properties eligible for SBRR is limited to two properties per business in each local authority.
- 11 Link to Welsh Government NDR/business rates relief webpage:
<https://businesswales.gov.wales/business-rates-relief-in-wales#tabs-2>

The permanent Small Business Rates Relief Scheme

How is the relief provided?

- 12 The SBRR scheme is administered by local authorities and is automatically applied to the bills of eligible ratepayers.

How is SBRR administered?

- 13 Local authorities are responsible for providing ratepayers with clear and accessible information on the details and administration of the scheme. If, for any reason, an authority is unable to provide this relief to eligible ratepayers, consideration should be given to notifying eligible ratepayers that they qualify for the relief and that their bills will be recalculated.
- 14 Local authorities will be asked to identify the total amount of relief provided under the scheme in their NDR Returns (NDR1 and NDR3).

How will properties benefit from relief?

- 15 The Welsh Government provides NDR relief to eligible small businesses.
- Eligible business premises with a rateable value of up to £6,000 receive 100% relief; and
 - Those with a rateable value between £6,001 and £12,000 receive relief on a tapered basis from 100% to zero.
- 16 Certain business categories benefit from an additional level of relief. For example post offices and registered childcare premises.
- 17 The number of properties eligible for SBRR is limited to two properties per business in each local authority.
- 18 Going forward, the SBRR scheme will continue to be developed to ensure the relief provided remains targeted to where support is most needed to best meet the needs of Wales. It is the intention of Welsh Government to take a progressive, fair and transparent approach towards local taxation in Wales which continues to provide vital funding

for local services. Delivering a permanent rates relief scheme for small businesses is a key step in this process.

- 19 Link to regulations setting out small business rates relief:
<http://www.legislation.gov.uk/wsi/2017/1229/contents/made>

What support can businesses expect?

- 20 Table 1 provides an illustration of the level of support qualifying small businesses could expect to receive.

Table 1: Illustration of relief for small businesses

Rateable Value	SBR Relief (%)	2017-18 Liability (£)	SBR Relief (£)	Liability after SBR Relief (£)
1,000	100%	499	499	0
2,000	100%	998	998	0
3,000	100%	1,497	1,497	0
4,000	100%	1,996	1,996	0
5,000	100%	2,495	2,495	0
6,000	100%	2,994	2,994	0
7,000	83%	3,493	2,911	582
8,000	67%	3,992	2,661	1,331
9,000	50%	4,491	2,246	2,246
10,000	33%	4,990	1,663	3,327
11,000	17%	5,489	915	4,574
12,000	0%	5,988	0	5,988
13,000	0%	6,487	0	6,487

Multiple occupation limit

- 21 Previously SBRR in Wales provided relief to all eligible properties with no restriction on the relief provided relative to the number of small properties that a business occupies. This meant a national chain could benefit from relief across all the small properties it occupies across Wales.
- 22 This approach contrasted with the SBRR schemes operating in other parts of the UK which impose some form of eligibility restriction on either the number of properties occupied by a company or the total amount of relief a company can receive.

How are businesses occupying multiple small properties treated?

- 23 The number of properties eligible for SBRR is limited to two properties per business in each local authority.
- 24 It is the responsibility of the ratepayer to inform their local authority if they believe this restriction applies to their properties.
- 25 Once informed the administering local authority is responsible for amending the NDR bill.
- 26 Properties which meet the childcare or post office conditions will not be affected by this restriction.
- 27 Ratepayers should contact their individual local authority with any queries regarding their NDR bill and entitlement to rates relief.

Why do registered childcare premises benefit from enhanced SBRR?

- 28 *Taking Wales Forward*¹ commits the Welsh Government to delivering 30 hours of free childcare for working-age parents of 3-4 year olds for 48 weeks of the year. The aim of the policy is to remove the barriers to securing employment and to help those who want to work or start a business but are currently constrained by childcare pressures.
- 29 Concerns have been expressed by the industry² that day nurseries are particularly affected by NDR because, in order to meet to meet the National Minimum Standards for Regulated Childcare (NMS), they tend to occupy larger premises. This means that often their rateable values are proportionately larger than other small businesses.
- 30 To support the delivery of the 30-hour childcare commitment, the Welsh Government is providing 100% relief to all registered childcare providers in Wales, this higher level of relief will start on 1 April 2019, it will be in place for three years to 31 March 2022, during which time it will be evaluated to assess its effect.
- 31 Ratepayers should contact their individual local authority with any queries regarding their NDR bill and entitlement to rates relief.

¹ <http://gov.wales/about/programme-for-government/?skip=1&lang=en>

² http://www.ndna.org.uk/NDNA/News/Reports_and_surveys/Annual_Nursery_Survey/2017.aspx

Why do Post Offices benefit from enhanced SBRR?

- 32 The Welsh Government believes small post offices have a valuable role to play in supporting local communities, particularly in disadvantaged and rural areas where facilities can be scarce, and they deliver services to vulnerable people including the elderly and disabled.
- 33 Many smaller post offices are run by sub-postmasters as private businesses rather than being owned and run by the Post Office itself.
- 34 For these reasons the Welsh Government provides further support for smaller post offices as follows:
- Post offices with a rateable value up to £9,000 receive 100% relief;
 - Post offices with a rateable value between £9,001 and £12,000 receive 50% relief.
- 35 Ratepayers should contact their individual local authority with any queries regarding their NDR bill and entitlement to rates relief.

Example of enhanced relief for Post Offices

- 36 Table 3 below demonstrates how the enhanced relief for post offices is applied using the taper.

Table 3: Illustration of enhanced relief for Post Offices

Rateable Value	SBR Relief	2017-18 Liability (£)	SBR Relief (£)	Liability after SBR Relief (£)
1,000	100%	499	499	0
2,000	100%	998	998	0
3,000	100%	1497	1497	0
4,000	100%	1996	1996	0
5,000	100%	2495	2495	0
6,000	100%	2994	2994	0
7,000	100%	3493	3493	0
8,000	100%	3992	3992	0
9,000	100%	4491	4491	0
10,000	50%	4990	2495	2495
11,000	50%	5489	2745	2745
12,000	50%	5988	2994	2994
13,000	50%	6487	0	6487

What types of hereditaments are not considered to be eligible for SBRR?

- 37 There are a number of exceptions from SBRR. These are primarily for types of properties which are not considered to be consistent with the definition of a small business. Some of the exceptions also recognise the fact that certain types of property are eligible for other forms of relief.
- 38 The exceptions to the current SBRR scheme include:
- Hereditaments (non-domestic properties) occupied by a council, a police and crime commissioner, or the Crown;
 - Beach huts;
 - Hereditaments used exclusively for the display of advertisements, parking of motor vehicles, sewage works or electronic communications apparatus .

Are unoccupied properties eligible for SBRR?

- 39 To qualify for SBRR, an eligible property must also be occupied. Unoccupied properties are eligible for empty property relief. More information can be found on the Welsh Government website using the following link:
<https://businesswales.gov.wales/business-rates-relief-in-wales#tabs-2>

Are properties occupied by charities eligible for SBRR?

- 40 Properties occupied by charities are not eligible receive SBRR. Charities are eligible for charitable rate relief. More information can be found on the Welsh Government website using the following link:
<https://businesswales.gov.wales/business-rates-relief-in-wales#tabs-2>

Are hydro projects eligible for SBRR?

- 41 All forms of energy projects and small-scale energy providers are eligible for support through the SBRR scheme providing they meet the criteria.
- 42 The Welsh Government is aware there is evidence which indicates that small-scale energy projects have been affected more by the revaluation than other types of businesses.
- 43 We are providing grants to help eligible hydropower projects with their business rates. Hydropower projects extract energy from water courses

to generate electricity. Hydropower projects with a rateable value up to £50,000 can apply for support towards their 2019-20 business rates. The Application Form and Guidance document is available: <https://gweddill.gov.wales/topics/environmentcountryside/energy/renewable/non-domestic-business-rates-support-for-hydropower/?lang=en>

What can I do if I have reason to believe my relief has been calculated incorrectly?

- 44 If ratepayers have reason to believe the relief allocated to their property or your NDR bill is incorrect, you should contact your administering local authority which will be able to deal with your enquiry and respond to your questions.