



Ministry of Housing,
Communities &
Local Government

Non-Domestic Rates
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Chief Finance Officers of English Billing Authorities

FOR THE ATTENTION OF THE BUSINESS RATES SECTION

Dear Chief Finance Officer

Business Rates Information Letter (4/2021): legislation and 2021/22 business rates reliefs

This is the fourth business rates information letter to be issued by the Ministry of Housing, Communities and Local Government this year. Previous letters are available on the internet at:

<https://www.gov.uk/government/collections/business-rates-information-letters>

or for archived letters:

<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/busratesinformationletters/>.

This letter covers:

- **Update on Legislation**
- **2021/22 Business Rates Reliefs – Subsidy Control Limits**
- **2021/22 Expanded Retail Discount – Payments**
- **2021/22 Expanded Retail Discount – Monitoring and Assurance**

Update on Legislation

The Non-Domestic Rating (Lists) Act received Royal Assent on 15 March 2021. This means that the date for the implementation of the next comprehensive business rates revaluation has now been set in law at 1 April 2023. The Act also changes the latest date by which draft rateable values must be published in the year preceding a revaluation from 30 September to 31 December. Further information on this Act can be found online at: <https://bills.parliament.uk/bills/2774>.

The Non-Domestic Rating (Public Toilets) Act received Royal Assent on 29 April. This Act provides a 100% business rates relief for separately-assessed public toilets in England and Wales, including those being operated by local authorities. This relief applies retrospectively from 1 April 2020 and local authorities should put in place arrangements to award the relief accordingly. Further information on this Act can be found online at: <https://bills.parliament.uk/bills/2726>.

2021/22 Expanded Retail and Nursery Discounts – Subsidy Control Limits

At the Budget on 3 March 2021 the Chancellor announced additional business rates support for eligible retail, hospitality, leisure, and nursery businesses in England occupying a qualifying property.

Whilst EU State Aid rules no longer apply within the UK following the end of the transition period on 31 December 2020, the UK still has several international obligations relating to subsidies. These include those arising from the UK's continued membership of the World Trade Organisation, or from the UK-EU Trade and Cooperation Agreement.

The Government considers that relief awarded under the schemes announced at the Budget on 3 March 2021 is not a subsidy. This means that local authorities should award relief to all eligible properties up to the caps specified in the guidance.

2021/22 Expanded Retail and Nursery Discounts – Payments

The announcement of these reliefs on 3 March came after the submitting of 2021/22 NNDR1 forms and the setting of business rates incomes for this year. In order to provide billing authorities with the cash up-front to make their statutory payments under the rates retention scheme, the Government will award 100% of the compensation for these additional reliefs to billing authorities.

For the initial four-month period, section 31 grant compensation will be paid on account according to billing authorities' combined estimates of their 2020/21 expanded retail discount, nursery discount, and local newspaper discount as given by line 3 of part 4a of the 2021/22 NNDR1 form. This amount will be awarded pro-rata in accordance with 100% of the monthly total due for April to June, and a figure of 66% of this monthly total for July. The first instalment will be paid on 18 May and will consist of the April and May amounts.

The Department will shortly run an additional data collection exercise to collect estimates from billing authorities of the expanded retail discount and nursery

discount totals that will be provided to ratepayers in 2021/22. We expect this data collection exercise to commence in late June or early July, allowing time for billing authorities to set up and calculate the cost of their relief schemes. The remaining sum to be paid on-account across the year (August 2021 to March 2022) will be adjusted for the amounts paid on account for April – July 2021.

The amounts of section 31 grant compensation will be reconciled following the end-year process (NNDR3 2021/22) as usual.

2021/22 Expanded Retail and Nursery Discounts – Monitoring and Assurance

Billing authorities should ensure that they are able to monitor and provide data via DELTA on the costs of these reliefs and on the businesses benefitting at the billing authority and Parliamentary constituency levels.

As with other business rates reliefs, authorities should also put in place arrangements to assure themselves that relief is being awarded in line with the guidance published by MHCLG. This includes ensuring that ratepayers are not awarded relief above the relevant cash cap, as set out in the guidance. The Department has provided an example cash cap declaration form as part of the guidance which local authorities may wish to use to support their own assurance processes. The full guidance is available online at: <https://www.gov.uk/government/publications/business-rates-expanded-retail-discount-2021-to-2022-local-authority-guidance/>.

Ratepayers should be made aware that anyone who falsely applies for any relief, or provides false information in order to benefit from any relief, may be guilty of fraud under the Fraud Act 2006.