

Addendum to FAQs for Q1 2021 Waiver of Commercial Rates

1. What is the approach to take with a business which occupies multiple properties associated with the main business activity, where one or more property is in a valuation category eligible for the waiver (Appendix C of the circular) and one or more property is in a valuation category excluded from the waiver (Appendix D)?

This scenario may arise in situations such as the following examples:

Example A: A nightclub with an associated and adjacent office (Office Category) and store room (Industrial Uses Category) valued as separate properties.

Example B: A pharmacy with an adjacent store room (Industrial Uses Category) valued as a separate property.

Example C: A boutique with an associated and adjacent office (Office Category) and store room (Industrial Uses Category) valued as separate properties.

Example D: A retail business premises or other premises which is eligible under Appendix C, which uses offsite storage in a property deemed excluded in Appendix D, such as an industrial estate for example.

Local authorities are advised to implement the waiver in a way which takes account of the main activity/use undertaken by businesses in occupation of properties ancillary to and in close proximity to the main business property.

If a business's main categorisation is eligible in Appendix C and there are additional properties which are understood to be part of the enterprise and which are ancillary to and in close proximity to the main business property (but which if viewed as standalone would be excluded in Appendix D), then the local authority should grant the waiver to those additional properties also.

However, if a business's main categorisation is eligible in Appendix C and there are additional properties associated with business which are offsite and not ancillary, nor in close proximity to the main business property, and which are excluded under Appendix D, then the additional properties remain excluded under Appendix D.

In the case of Examples A-C above, nightclubs, pharmacies and boutiques are all eligible property categories and the associated properties, though valued separately and with different valuation categories, are core to the operation of the business and are ancillary to and in close proximity to the main business property. These associated properties would be eligible for the waiver. In the case of Example D above, the associated property category is in Appendix D, is offsite and not ancillary nor in close proximity to the main business property. In this example the associated property is not eligible for the waiver.

2. What is the approach to take where the valuation certificate of an individual property identifies multiple categories/uses from both Appendix C (eligible) and Appendix D (excluded)?

Local authorities are advised not to apportion the waiver or split valuations under an individual property number. For the purposes of identifying properties in eligible and excluded categories, the category of the main activity/use undertaken at the premises shall be deemed to be the category of the entire premises.

It is accepted there will be instances where a single property/property number will contain valuations from both Appendix C (entitled) and Appendix D (excluded). An example would be an industrial manufacturing premises with sub-uses of office, showroom, store or car park. The main activity/use of the property is manufacturing and the valuation certificate classifies it as Industrial; eligibility should be determined on that basis.

3. What if the category or use of a property on its valuation certificate is not accurate to the services/activity of the occupying business?

Because of the complete exclusion of the industrial and office categories, there will likely emerge a number of properties where the usage or occupancy purpose is different to the use outlined on the valuation certificate. These are properties that would be excluded on the basis of the property usage on the valuation record but that may be eligible for the waiver based on actual usage/occupancy purpose if known or made known to the local authority. An example would be a gym operating from a property classified as Industrial on the valuation certificate. If the local authority is satisfied that the property usage is as a gym even though it is categorised industrial then the property should be included in the waiver.

4. In relation to demonstration of impact from businesses occupying properties in excluded categories in Appendix D, can further guidance be provided?

Due to the exclusion of office and industrial categories from the Q1 2021 waiver scheme, a high level of appeals from businesses occupying properties in these categories may be likely. In order to streamline the administration and process appeals in a timely and effective manner the following is suggested:

- (i) If the applicant can provide evidence that they are receiving support under the CRSS then the waiver will be granted (subject to confirmation from DHLGH that funding is in place).

If the applicant cannot demonstrate (i) the next step would be to be assess them under (ii).

- (ii) The applicant will be asked to provide evidence that turnover from the relevant business activity in the claim period does not exceed 25% of the average weekly turnover in 2019 (or 2020 for new business).

With regards to evidence provided under (ii), it is acknowledged that local authorities may not be in a position to individually verify figures and accounts (such as reviewing invoices, bank statements, financial systems etc.) and will be relying on the ratepayer to make an honest submission in this regard.

It is within the remit of the local authority to decide what level of evidence they require from individual applicants, being cognisant of the resources available. The list provided in FAQ 12 is illustrative rather than mandatory.

A suggested approach could be to ask ratepayers, along with evidence provided, to self-declare to the local authority that they have experienced a 75% reduction in turnover compared to the same period in 2019 and to inform them that the local authority reserves the right, at its discretion, to carry out follow up checks or to seek additional evidence to validate eligibility, and that if a local authority is not satisfied that evidence provided supports eligibility, the waiver may be withheld or removed.

5. For businesses in the Office category that aren't listed in either Appendix C or Appendix D, can a local authority make a judgment call as to what is the most similar category to a business in either Appendix as an aid to determining eligibility?

The difficulty in this area is acknowledged as the categories listed in Appendix C and D refer to the property usage as determined by the Valuation Office. Specific business activities do not always match to a directly equivalent property use, particularly in the property category of Office which is necessarily broad. However, even in recognition of that situation, it is intended that properties in the Office category be excluded from the waiver, unless covered by one of the scenarios identified in the FAQs or unless the occupying business can demonstrate the required level of impact.

6. Are health care professionals entitled to the waiver?

Appendix C includes all health categories on the valuation lists. Accordingly any health professional working from properties in those categories are automatically exempt. If a local authority is aware of properties, occupied by health professional providing health related services, then the waiver should be applied to those properties also; even if the use or category on the valuation record is not health related (e.g. Office).

7. Are professional services such as accountants, solicitors, architects that have a valuation category of "Office" or indeed any valuation category entitled to the waiver? The category 'Auctioneer' is included in Appendix C.

If the valuation certificate categorisation for the property occupied by the professional service is Office, or another category in Appendix D, it should be excluded from the waiver. However, if the categorisation is Retail (Shop) then the occupier is eligible for the waiver, it being the case that the Retail (Shop) category is necessarily broad and involving properties and business activities that are customer facing and/or which open to the street.

8. Which types of business are intended to fall under the 'garage' category in Appendix D?

It was intended that mechanics, crash repairs, tyre retailers, puncture repair traders etc. would be excluded from the waiver i.e. being in the garage category or industrial uses, workshop.

9. Can the hardware/DIY, Retail (Warehouse) hardware and DIY Superstore categorisation be clarified please?

As noted at the start of this document, in the list of eligible categories in Appendix C, HARDWARE (under Retail Warehouse) is removed and inserted on page 15, in the list of excluded categories in Appendix D. This means that properties with the use HARDWARE (under Retail Warehouse) are excluded from the waiver. Please note the status of properties with the use HARDWARE/DIY (under Non Essential Retail (Shops)) remains unchanged and eligible.

10. Are office car parks entitled to the waiver?

Properties categorised as Office are excluded from the waiver. For the purposes of identifying properties in eligible and excluded categories, the category of the main activity/use undertaken at the premises shall be deemed to be the category of the entire premises. If the main activity/use of a property is Office, it is excluded from the waiver.

11. Are private language schools, private colleges and computer colleges occupying properties categorised as Office excluded?

Yes colleges and schools both under colleges and schools in Appendix D and under the office category are excluded. Ratepayers may engage with local authorities to demonstrate severe impact and qualify for the waiver, on a case by case basis.

12. The 2020 waiver was applied to contract operated post offices, should the 2021 be applied in this manner?

Yes, post offices are included in the waiver in the same manner as applied to the 2020 waiver.

13. Are veterinary practices included in the waiver?

Generally properties occupied by veterinary practices are categorised as Industrial Uses or Office on valuation certificates. Veterinary practices occupying properties in categories in Appendix D are excluded from the waiver.