



Non-Domestic Rates Hardship Relief - Guidance notes

1. What is hardship rate relief?

Section 49 of the Local Government Finance Act 1988 gives us a discretionary power to reduce or remit the payment of non-domestic rates by granting hardship relief. The council has agreed a policy which is applied when considering any application for hardship rate relief.

The principal purpose of hardship relief is intended to provide short-term assistance to businesses that are suffering unexpected hardship, arising from circumstances beyond the business's control and outside of the normal risks associated with running a business of that type, to the extent that the viability of the business would be threatened if hardship relief was not granted.

2. What is the general qualifying criteria?

By law rate relief on the grounds of hardship may only be granted where we consider that:

- (i) the ratepayer would sustain hardship if we did not grant hardship relief and
- (ii) it is reasonable for us to grant the relief having regard to the interests of person's subject to our council tax

The test of 'hardship' need not be confined strictly to financial hardship and any ratepayer must disclose all relevant factors affecting the ability of the business to meet its rate liability. A business will not be considered to be suffering financial hardship in any annual accounting period during which it is profitable or has experienced a loss which is minor in comparison to the overall turnover of the business.

The 'interests' of the local council tax payers may go wider than direct financial interests; for example, where employment prospects in an area would significantly worsen or the amenities of an area significantly be reduced by a ratepayer going out of business.

3. What are the application requirements?

Any applicant should complete an application form and provide the following supporting information as a minimum or clearly explain any omissions:-

- A brief history of the business together with a full explanation as to the circumstances that has necessitated an application
- Audited accounts or independently verified accounts for at least the last three years of trading. Where it is a new business that has been established for less than twelve months, financial details of the trading to date and estimates of the annual income and expenditure
- Unaudited accounts for the current financial year of trading
- Copies of bank statements for the last three years or, in the case of a new business established for less than three years, then copies of the bank statements from the commencement of trading
- Cash flow forecasts & business plan to illustrate how the business itself plans to trade through its difficulties

- An explanation as to any steps taken to reduce/mitigate the trading difficulties
- A declaration of all substantial assets owned by those running the business
- An explanation as to how, in your opinion, the remission or reduction of rate liability would make a significant difference to the council taxpayers of the locality
- Any other information/evidence that you consider relevant for our consideration. An applicant must not make assumptions as to our knowledge of anything.

If an applicant is unable to provide any of the requested information, then an explanation should be given as to why this is the case. The applicant should be aware that we reserve the right to verify any information that has been provided. Any omission or false information may have a detrimental effect upon the application.

4. How is hardship relief granted?

Any hardship relief will normally be granted as a percentage of the rates payable for a specific period. This will not usually extend beyond the end of the rating year in which the application is made.

A ratepayer who is granted hardship relief is entitled to re-apply in any subsequent year(s) and, in the event of any such re-application; we may require the provision of further information and/or evidence. We would also be forced to consider the long-term viability of the business.

5. How are applications for hardship relief determined?

Each application will be considered on its own merits in accordance with the agreed policy. This policy is available to download at www.southkesteven.gov.uk.

6. Payment of rates whilst awaiting a decision

We aim to determine applications within four weeks of all the requested information being provided. The ratepayer should not withhold payment of any non-domestic rates that become payable whilst awaiting the outcome of their application without prior agreement with us. Recovery action may be commenced or continued where payment is not made without prior agreement.

7. What factors are taken into account when determining an application?

It is expected that businesses will take prompt action to mitigate any factors giving rise to hardship. This may be, for example, by seeking professional business advice, providing customers with discounts and/or promotions, reviewing pricing, extending the range of stock or services, extending the trading hours, negotiating a rent reduction or negotiating with other creditors. Applications may be declined in circumstances where the ratepayer is unable to demonstrate reasonable steps to alleviate hardship.

Applications will be viewed more favourably where the criteria of our policy are met and the ratepayer provides the only goods and/or service of its type in the locality or where the business provides services that would otherwise have to be supplied by us.

Hardship relief will not be granted for the purposes of enabling a new business to become established except where the viability of the business is threatened by events that could not reasonably have been foreseen at the outset.

Hardship relief in respect of unoccupied property will only be given in very exceptional circumstances and where there are clear and tangible benefits to the local council tax payer.

Any other form of rate relief will be considered before hardship relief is granted. The ratepayer may, for example, be entitled to rural rate relief where it is situated within a rural settlement or Small Business Rate Relief.