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NOTES - NON-DOMESTIC RATES UNDER SECTIONS 43, 45 & 47 OF

THE LOCAL GOVERNMENT FINANCE ACT 1988

Sections 43, 45 and 47 of the Local Government Finance Act 1988 provide for relief from Non-Domestic Rates to be granted to charitable and other non-profit making organisations. There are two categories of relief available, Mandatory Relief under Sections 43 and 45 and Discretionary Relief under Section 47. Applications for relief on the approved form may be made under one or both of the two categories, the conditions relating to each are set out below.

A. Mandatory Relief

Mandatory Relief at 80% of rates payable is given where the ratepayer is a charity or the trustees of a charity and the property is used wholly or mainly for charitable purposes.

Where there is a change in use, the Council should be informed and a fresh application may be required.

Charity Shops

A hereditament shall be treated as wholly or mainly used for charitable purposes. If at the time it is wholly or mainly used for the sale of goods donated to a charity and the proceeds of the sale of the goods are applied for the purpose of a charity.

A charity shop is not therefore entitled to Rate Relief if like other shops, it is wholly or mainly used for the sale of goods which have been brought in.

Where there is a percentage of goods donated and goods brought in for sale, the charging authority will wish to consider all relevant factors in assessing any entitlement to relief.

The period covered by relief will be dependent on the date application is received by the Council and will be subject to annual review.

Definition of Charitable Organisation

In most instances an organisation will be able to establish conclusively that it is a charity by showing that it is registered under the Charities Act 1960. In addition, bodies which under the 1960 Act are exempted from registration or organisations such as the Church Commissioners, Friendly Societies and certain voluntary schools are treated as charities for the purpose of mandatory relief.

B. Discretionary Relief

Under Section 47 the Charging Authority may grant relief of up to 100% of the rates in the following circumstances:-

- (a) Where 80% Mandatory Relief has already been granted (Discretionary Relief up to a further 20%).
- (b) Any other hereditament which is occupied for the purposes of an organisation which is not established or conducted for profit and whose main objects are charitable or are otherwise philanthropic or religious or concerned with social welfare, science, literature or the fine arts.
- (c) Any other hereditament which is occupied for the purposes of an organisation not established or conducted for profit and which is wholly or mainly used for purposes of recreation.

The period covered by the relief will be dependent on the date application is received by the Council.

Any decision to terminate or vary relief will normally require twelve months notice expiring at the end of a financial year.