

Frequently Asked Questions for Local Authorities on Circular Fin 11/2020 Six-Month Waiver of Commercial Rates

1. What is the credit in lieu of rates?

A 100% waiver, in the form of a credit in lieu of commercial rates will be applied to the rate accounts of all businesses, for a six-month period (27 March to 27 September), with a small number of categories excepted. This is in recognition of the fact that not only have many ratepayers been forced to close business due to the public health requirements, but many others who remained open have suffered significant reductions in turnover. The rationale for the exclusion of certain categories of ratepayers is that their operations were not as severely impacted by the pandemic, coupled with the need to direct resources appropriately.

2. Which ratepayers are entitled to the waiver?

The six-month credit in lieu of rates will apply to all ratepayers for the period 27 March to 27 September 2020, with a number of specified exclusions.

3. What are the exclusions to eligibility?

This credit does **not** apply to the following **Excluded Categories**:

- Public Service
- Global Utility Networks on the Central Valuation List
- Vacant Properties
- Individual Office Premises with an annual rates bill of €100k or greater in 2020*
- Individual Industrial Premises with an annual rates bill of €100k or greater in 2020*
- Supermarkets greater than 500M² (Categories Supermarket 2 and Supermarket 3)
- Data Centres
- Incinerator, Generating Stations
- Landfill Sites
- Network (Cable)
- Network (Storm Water)
- Network (Water)
- Windfarms
- Generating Stations
- Banks
- Building Societies
- Pharmaceutical manufacturing
- Computer/Technology/Electronic manufacturing
- Premises contracted to provide services related to the COVID 19 pandemic to/on behalf of the State, where the State is already compensating for rates as part of the contract between the occupier or service provider and the State.

*Individual premises refers to all property valued under a single property number.

For the purposes of identifying properties in the excluded categories, the category of the main activity undertaken at the premises shall be deemed to be the category of the entire premises.

4. Are there any exceptions to the above criteria?

In recognition of the fact that there may be businesses in the excepted categories that were severely impacted by the pandemic, an allocation of up to €40m is included in the €600m for these

ratepayers. These ratepayers will be able to engage with local authorities to demonstrate severe impact, on a case by case basis.

5. What amount of credit is to be applied to eligible rate accounts?

Local authorities should apply a 100% credit in lieu of commercial rates, for a six-month period, to eligible classes and categories of occupied rateable property.

6. Is an application from a ratepayer required for the waiver?

No, there is no application required for the waiver. Local authorities should automatically apply a 100% credit in lieu of commercial rates, for a six-month period, to classes and categories of occupied rateable property where the occupying business is not in an excluded category identified in Q. 3 above.

7. Is a ratepayer who was forced to close their premises but who continued to operate their business from elsewhere eligible for the credit in lieu of rates?

The six-month credit in lieu of rates will apply to all ratepayers for the period 27 March to 27 September 2020, with a number of exclusions listed in Q. 3 above. Permitted exceptions to exclusions from the six-month credit in lieu of rates are outlined in Q. 4 above.

8. Is a ratepayer who was forced to close their premises to the public but who continued to offer a delivery or take-away or collection service eligible for the credit in lieu of rates?

The six-month credit in lieu of rates will apply to all ratepayers for the period 27 March to 27 September 2020, with a number of exclusions listed in Q. 3 above. Permitted exceptions to exclusions from the six-month credit in lieu of rates are outlined in Q. 4 above.

9. How can businesses in the excluded categories, that experienced severe impact, apply for the credit in lieu of rates?

Local authorities should provide a nominated email address or phone number for engagement with businesses in the excepted categories that were severely impacted, along with a closing date by which contact should be made by the business with the relevant local authority. Businesses in the excepted categories are required to demonstrate severe impact to the relevant local authority. With regard to engagement by businesses in the excepted categories that were severely impacted by the pandemic, examples of supporting proofs to demonstrate impact are listed below.

10. What supporting proofs are acceptable if a ratepayer from an excluded category claims eligibility?

In the event that eligibility by ratepayers in excluded categories is claimed, the local authority may seek confirmation of eligibility via documentary evidence. If a local authority is not satisfied that evidence provided by the ratepayer supports eligibility, the credit in lieu of rates may be withheld.

Proofs which may be requested in this context are listed below and are intended to be illustrative rather than exhaustive and local authorities will be open to considering other relevant evidence that reasonably demonstrates eligibility for the six-month credit in lieu of rates by those ratepayers in excluded categories.

- Evidence that the business undertaken at the rateable property was not considered an essential retail outlet or service under S.I. 121 of 2020, and thus was forced to close.
- Evidence of participation in the TWSS operated by Revenue.
- Evidence of employment ceasing and employees availing of the PUP.

- Copies of documentation submitted to a financial institution as part of the negotiation of relief measures with the financial institution.
- Copies of correspondence with Revenue to agree forbearance measures with regard to tax liabilities.
- Evidence of reliance on the Government Credit Guarantee Scheme or overdraft facilities or other borrowings for capital purposes.

In any assessment of ratepayer eligibility for the six-month credit in lieu of rates, local authorities should focus on the types of business records, having regard to the nature and scale of the business that would normally be readily available for such a business.

11. What does severely impacted mean and what level of impact should applicant businesses in the excluded categories demonstrate?

The critical requirement of a ratepayer in an excluded category is to be able to demonstrate closure of their business or significant negative economic disruption due to public health restrictions imposed in response to COVID-19. Ratepayers in excluded categories that claim to be severely impacted should be able to demonstrate closure or a decline of at least 25% in turnover for the 6-month period 27 March 2020 to 27 September 2020.

However, demonstration of a decline of at least 25% in turnover for that period does not automatically confer a right to have the credit in lieu of rates applied, or if a credit in lieu of rates is applied it does not automatically confer a right to have 100% credit in lieu of rates applied. The local authority will decide, based on the allocation notified to it, referred to in Q.12, to which businesses the credit in lieu of rates should be applied and which proportion of the six-month credit in lieu of rates should be applied to those businesses.

12. How should the local authority apply the credit in lieu of commercial rates to businesses in the excluded categories?

Local authorities should record the level of impact claimed by such businesses, supported by submitted evidence, and the proposed proportional waiver to be applied to such businesses in the template in Appendix D attached to Fin 11/2020 and return same to lgfinance@housing.gov.ie on or before 30 November 2020.

The Department will then finalise the distribution of the allocation of €40m to local authorities, for the application of credit in lieu of rates to businesses in the excepted categories that can demonstrate severe impact, following receipt of submissions. Notification of the allocation for this purpose will then issue to local authorities.

Based on its notified allocation for businesses in the excluded categories, the local authority will then decide to which businesses the credit in lieu of rates should be applied and which proportion of the six-month credit in lieu of rates should be applied to those businesses. The local authority has responsibility, within its area, for ensuring it does not allocate credit in lieu of rates to businesses in the excepted categories, beyond the value of the allocation notified to it for this purpose.

13. Is a ratepayer that has not paid 2020 rates eligible?

Yes.

14. Is a ratepayer that is in arrears eligible?

Yes.

15. Can conditions be imposed on the ratepayer when applying the six-month credit in lieu of rates, such as agreement to a payment plan?

No conditions can be imposed on a ratepayer in order to receive the six-month credit in lieu of rates, if the rate payer is eligible for the credit.

16. If a ratepayer has already paid 2020 rates, can they get refund or a credit towards next year's bill?

If you have already paid your rates bill for 2020, a refund or a credit towards the 2021 bill will be arranged by the relevant local authority.

17. Are vacant properties eligible for the six-month credit in lieu of rates?

No, vacant property is part of the excluded categories.

18. Are post offices eligible for the credit in lieu of rates?

The credit in lieu of rates should be applied to contract operated post offices which make up a large majority of the post office network.

19. Does the credit in lieu of rates apply to BID levies?

BID contribution levies are not entitled to receive a credit in lieu of commercial rates. While the levying and collection of BID contribution levies is facilitated by local authorities through rates collection powers, BID contribution levies are not rates. The relevant business community, rather than central or local government, is the sponsoring party for BID schemes.

20. When is the closing date?

There is no application process for the majority of ratepayers. The closing date for applications for those ratepayers in the excluded categories, that claim to be severely impacted can be determined by local authorities individually and placed in the notice referred to in Circular Fin 11 2020 and in Q.20 below.

21. Is the local authority required to write to ratepayers to inform them of the waiver?

No, the waiver is applied automatically and no direct individual notice to ratepayers is required. A template notice of the main points of the waiver has been made available for suggested inclusion in local media or on local authority websites.

22. Can a ratepayer in the excluded category who is unhappy with the decision to refuse an application for the credit appeal?

Yes, a ratepayer should be allowed the opportunity to appeal an initial decision of refusal. Local authorities should, upon request, facilitate a review of a decision by a second official.

23. How and when will local authorities receive central Government funding for applying the waiver?

€600m has been allocated by Government to fund the cost of a waiver. Each local authority shall receive an initial proportional share of the available funding by mid September. The remaining allocation shall be assigned based upon certified financial returns for each local authority detailing the total amount of credit in lieu of commercial rates applied to ratepayer accounts, during the period 27 March to 27 September 2020.