

Using data from HUB as an active part of your Fraud Investigations

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What is Small Business Rate Relief Fraud?

Fraud: “Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss” – CIPFA

2 Main issues –

Businesses provide false “occupier” details and claim SBRR

Businesses have multiple premises but don’t declare additional hereditaments

Powers to prosecute

- Section 222 Local Government Act 1972
- Police and Criminal Evidence Act 1984 - Interview Under Caution (where there are reasonable grounds to suspect an offence)

Criminal Offences

The Local Government Finance Act 1988
Section 43:

<https://www.legislation.gov.uk/ukpga/1988/41/section/43>

(4D) If the ratepayer—

(a) makes a statement in an application under subsection (4B)(a)(iii) above which he knows to be false in a material particular, or

(b) recklessly makes a statement in such an application which is false in a material particular

Criminal Offences (cont.)

Fraud Act 2006

- S2 - Fraud by false representation;

A person is in breach of this if he-dishonestly makes a false representation, and intends, by making the representation-to make a gain for himself or another, or to cause loss to another or expose another to a risk of loss.

A representation is false if –

it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading

- S4 Fraud by abuse of position

False statement?



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**Application for
Small Business Rate Relief**



Promoting City, Coast & Countryside

Revenue Services

Please return the completed form to:
Revenue Services, PO Box 4, Town Hall, Lancaster, LA1 1QR

Name of Ratepayer: [Redacted]	Property Reference No: [Redacted]
Account Reference No: [Redacted]	
Address of Ratepayer: [Redacted]	
Relevant Property Address (if different from above): [Redacted]	
Do you occupy another property in England for which you pay Business Rates?	YES / NO
Do you pay Business Rates on any other property (other than the one above) in your capacity as a partner / sole trader in the business? (Not including your private residence)	YES / NO
If you answered "YES" to either of the above questions, please provide details of other properties you are liable for (See Note 1, Overleaf): [Redacted]	
Date from which relief sought: 4 th May 2015 moved in. keys from 28/4/15	
I confirm that the properties listed above are the only business properties in England occupied by: (insert name of ratepayer) [Redacted]	

Declaration.

I understand that it is a criminal offence to make a false statement when making an application for small business rate relief.

I accept responsibility for making this return and I declare that the information given is true and accurate to the best of my knowledge and belief.

Signature of the Ratepayer / person authorised to sign: [Redacted]	Capacity of person signing: Finance Director
Date: 6/5/15	Contact telephone number: (in the event of a query) [Redacted]
e-mail: [Redacted]	



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**Please return the completed form to:
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Name of Ratepayer:	Property Reference No:
	Account Reference No:
Address of Ratepayer:	
Relevant Property Address (if different from above):	
Is this the only business premises in England you occupy?	YES / NO
Give the address and Rateable Values of any other business premises you occupy in England	
Date from which relief sought:	
I confirm that the properties listed above are the only business properties in England occupied by: (insert name of ratepayer)	

Declaration.

I understand that it is a criminal offence to make a false statement when making an application for small business rate relief.

I accept responsibility for making this return and I declare that the information given is true and accurate to the best of my knowledge and belief.

Signature of the Ratepayer / person authorised to sign:		Capacity of person signing:
Date:	Contact telephone number: (in the event of a query)	e-mail:



**INVESTORS
IN PEOPLE**



Example

A Lancashire based chain of estate agents claimed SBRR at all of its 8 branches.

Financials:

Preston	£10,086.48 (1)
Fylde	£20,555.60 (3)
Wyre	£4,820.34 (1)
Blackpool	£10,968.91 (2)
Hyndburn	£1,231.90 (1)

Total **£47,663.23**

When confronted with evidence at IUC (from HMRC, internet and utilities) the Director of the business admitted that the limited company occupies all the premises – not a franchise. Ongoing case and plan to prosecute.

Technology

- Destin Solutions
- National Fraud Initiative (NFI) Business Rates pilot
- The National Anti Fraud Network (NAFN)
- Open source (company websites/facebook, <https://hexillion.com/asp/samples/AutoWhois.vbs.asp>, companies house)
- The internal combustion engine (the power of inspections & local knowledge)

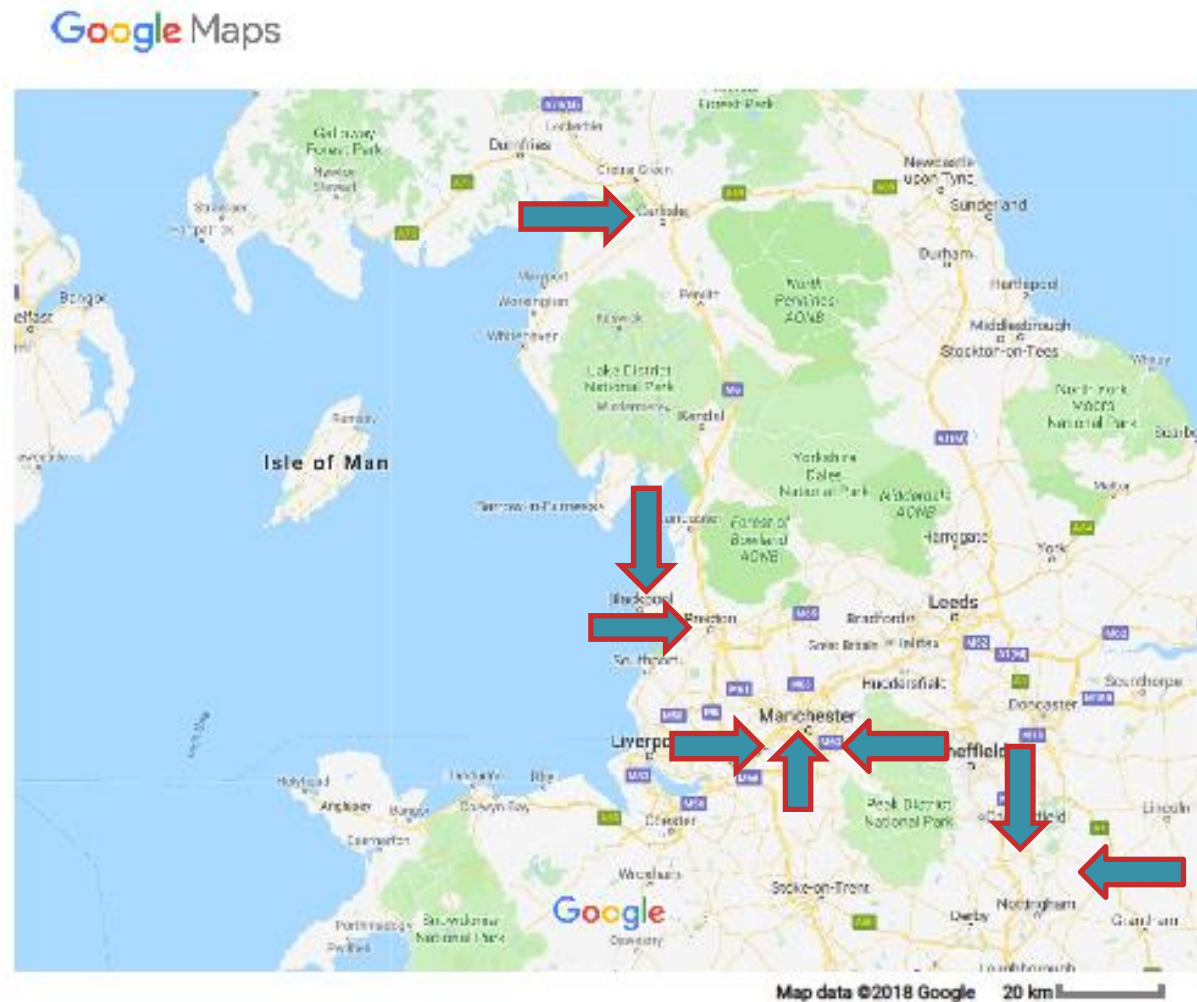
Results from Destin pro-active work

- Preston and Lancaster participated in a pilot exercise, first matches received March 2018
- Value of cancelled SBRR to date £174,843.27
- Additional estimated “future” SBRR savings £61,091.68
- Several IUC’s conducted
- Large repayments made
- 16 new matches now accepted for investigation

Examples

Google Maps

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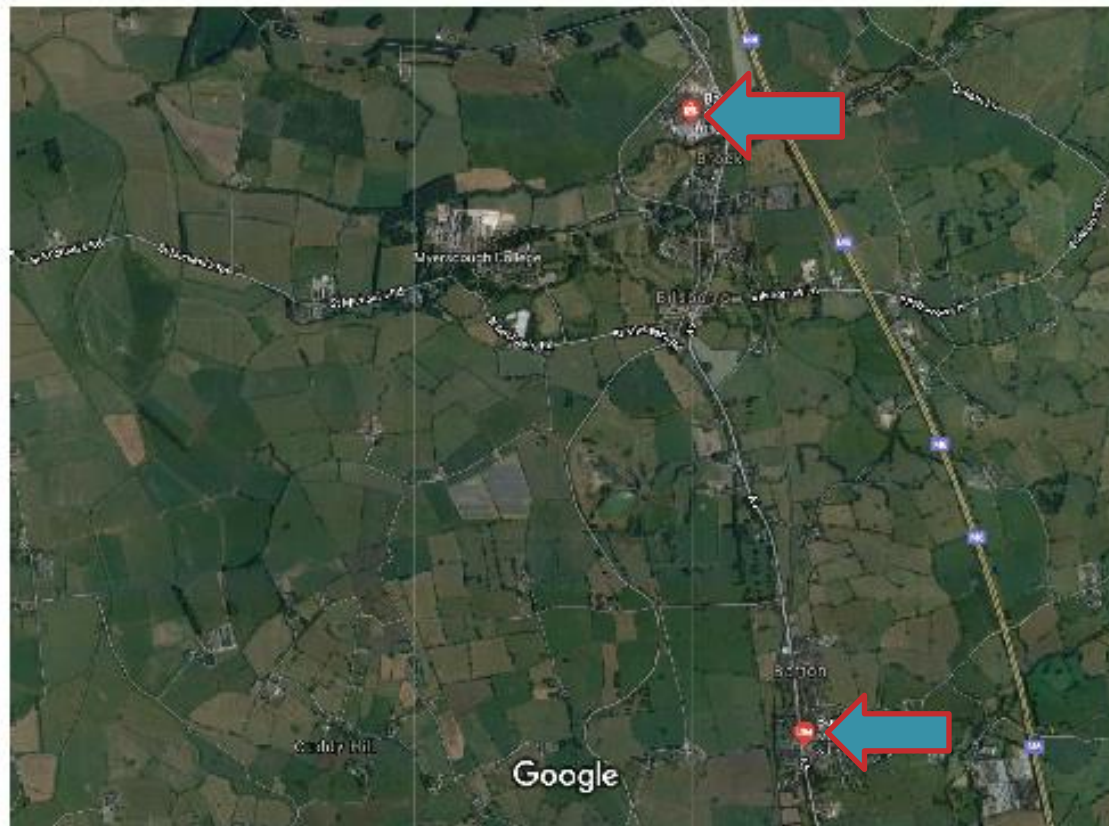


Examples (cont.)

barton grange - Google Maps

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Google Maps barton grange



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Barton Grange Garden Centre

Creating a deterrent

Morecambe tanning shop owner guilty of fraud - Lancaster Guardian

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Morecambe tanning shop owner guilty of fraud



Crown Court

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Friday 31 August 2018

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The owner of several tanning salons in Morecambe has been given a suspended prison sentence and ordered complete 250 hours of unpaid work after fraudulently claiming small business rate relief.

Asa Johnson, from Hemingway in Blackpool, appeared at Preston Crown Court charged with eight counts of fraud misrepresentation.

The court heard that in 2011 Johnson opened a tanning salon on Bare Lane in Morecambe and submitted a valid claim for small business rates relief.

Two years later he opened another salon on Torrisholme Road, meaning that he was no longer entitled to relief because the rateable value of both properties, when combined, were over the eligibility threshold.

To get around this he submitted eight false applications, four for each property and some in false names, over the course of the next two years, in an attempt to show the properties were run separately. In total Johnson managed to avoid £10,000 in business rates.

Summary

- Small Business Rate Relief can have a big impact on local authority income
- You are likely to have thousands of pounds worth of incorrect awards
- Make sure you are asking the right questions at the outset
- There are a range of methods to detect business rates fraud, but you need to be proactive
- Local authorities have the power to prosecute and there are relevant criminal offences – create a deterrent

Questions

