

Small Business Rate Relief Fraud

(or just an Oversight!)

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Director
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Rate Retention

- Increased focus on NNDR
- Potential growth area
- Increasing collection
- Maximising income

- Greater emphasis on understanding the caseload

Understanding the caseload

- Cleanse the data
 - Insolvent/Dissolved cases
 - Wrong liable party
- Review relief/exemptions
- Track/closer monitoring of cases
- Visit the area
- Note Rate Avoidance cases

National Non Domestic Rate

- Uniform poundage
- Discretionary Rate Relief
- Mandatory Rate Relief
- Hardship Relief
- S44a Relief
- Small Hereditament Relief
- Transitional Relief
- Small Business Rate Relief

The Non-Domestic Rating (Small Business Rate Relief) (England) Order 2004

Conditions for relief

3.—(1) For the purposes of subsection 43(4B)(a)(ii) of the Act, the conditions to be satisfied, subject to paragraph (4), are the conditions in paragraphs (2) and (3).

(2) The first condition is that on the chargeable day the ratepayer—

- (a) occupies only one hereditament in England; and
- (b) the rateable value of that hereditament as shown in the local non-domestic rating list for—
 - (i) the first day of the chargeable financial year;
 - (ii) the chargeable day; and
 - (iii) each day (if any) falling after the first day of the chargeable financial year and before the chargeable day,is not more than the amount prescribed, as regards the hereditament, in article 2.

The third condition, for which provision is made in article 3(4) of the 2004 Order, is that the ratepayer serves on the billing authority concerned an application in respect of the valuation period, or so much of the valuation period that remains, by the date prescribed. A valuation period is the period of five years for which a non-domestic rating list is in force. Paragraph (c) of article 3 of this Order amends

SCHEDULE

Article 4

FORM OF APPLICATION

1. State—

- (a) name, address, facsimile number (where applicable), telephone number and electronic mail address (where applicable) of the ratepayer—
.....
- (b) financial year, or, if part only, the dates within a financial year for which relief is sought—
.....

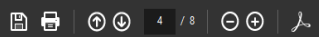
2. Give the full address of—

- (a) the hereditament for which small business rate relief is sought—
.....
- (b) any other hereditament in England the ratepayer occupies—
.....

I confirm that the hereditaments listed above are the only hereditaments in England occupied by
[insert name of ratepayer]

.....
(Signature of the ratepayer / person authorised to sign)

.....
(Capacity of person signing)



Paragraph (e) inserts new paragraphs (8), (9) and (10). The effect of these amendments is that an application in respect of one valuation period and the conditions for relief which apply on the first day of that valuation period will count as an application in respect of the earlier valuation period and the conditions for relief which apply on the first day of that valuation period. Paragraph (c) of article 3 of this Order amends paragraph (e) to insert new paragraphs (8), (9) and (10). The effect of these amendments is that this will continue to be the case in relation to valuation periods which apply on the first day of the subsequent valuation period concerned are



Small business rate relief

You can get small business rate relief if:

- your property's [rateable value](#) is less than £15,000
- your business only uses one property - you may still be able to get relief if you use more

[Contact your local council](#) to apply for small business rate relief.

If you use more than one property

When you get a second property, you'll keep getting any existing relief on your main property for 12 months.

You can still get small business rate relief on your main property after this if both the following apply:

- none of your other properties have a rateable value above £2,899
- the total rateable value of all your properties is less than £20,000 (£28,000 in London)

Non-Domestic Rating (Small Business Rate Relief) (England) Order 2012 (as amended):

In determining, for the purposes of paragraphs (2) or (3), whether the ratepayer occupies only one hereditament in England (“hereditament A”), the ratepayer’s occupation of any other hereditament in England (“hereditament B”) shall be disregarded where the conditions in either paragraph (7) or (8) are satisfied

The conditions are:

- a) the ratepayer’s occupation of hereditament B started on a date after that ratepayer started to occupy hereditament A;
- b) on the chargeable day concerned, the ratepayer has occupied hereditament B for a period not exceeding 12 months;

APPLICATION FORM FOR SMALL BUSINESS RATE RELIEF (SBRR)

The Non-Domestic Rating (Small Business Rate Relief) (England) Order 2004, as amended

PROPERTY:
Valuation List Rateable Value:

Please read the attached explanatory notes before you complete this form

- 1a. Name of the ratepayer making this application:
.....
- 1b. From which date do you believe you are entitled to the relief?: ____ / ____ / ____ (dd/mm/yy)
2. If this is your first application in the valuation period, please give:
- a The address of the business property for which you are making this application:
.....
- b The addresses and Rateable Values of any other business properties you occupy in England.

If this is the only business property you occupy in England, please tick here:

Address of Property	Rateable Value of Property

Business rates - Apply for small business rate relief

Declaration

I confirm that as far as I know and believe, the information I've given on this form is correct. I understand that if I knowingly give any incorrect or untrue information that I may be liable to prosecution for theft by obtaining financial advantage by deception and a possible summary conviction to a fine not exceeding level two on the standard scale.

I'm aware that as a condition of any award of Small Business Rate Relief, I (the ratepayer) must advise the council in the following circumstances:

- Where the rateable value of any property I occupy in another council area increases
- I occupy any property which is not mentioned on my previous application for relief

It is a criminal offence for a ratepayer to give false information when making an application for Small Business Rate Relief



A potential risk for all councils relates to companies not declaring the true extent of their organisation in order to fraudulently gain relief. This may apply if a person with a small business in Lambeth fails to declare other business interests in other parts of the country.

The Counter Fraud Manager has raised this with the Audit Commission as a potential National Fraud Initiative matching exercise. The Commission are currently considering this proposal.



Department for
Communities and
Local Government



HM Treasury

Business Rates Avoidance

Discussion paper

December 2014

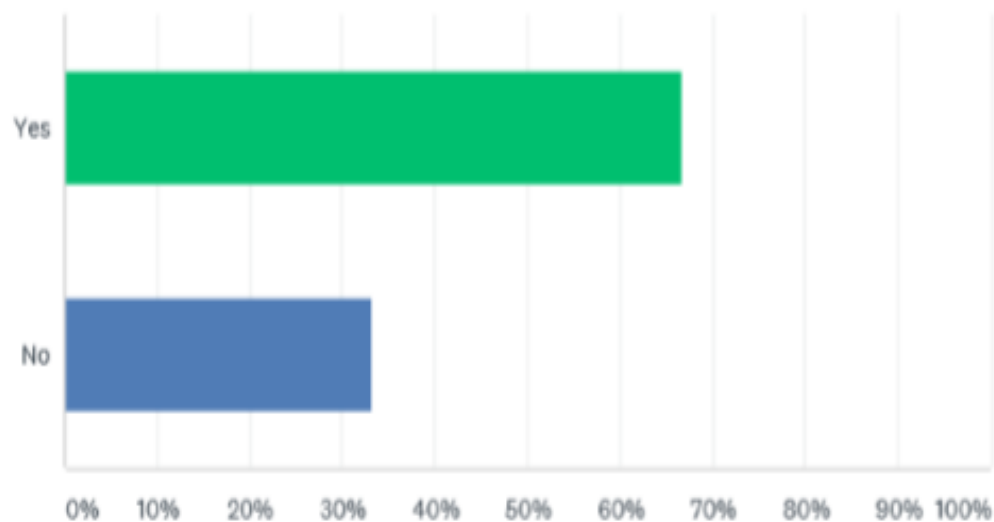
Methods of avoidance

- 2.1 A Department for Communities and Local Government led anti-avoidance working group comprised of local authority representatives, the Valuation Office Agency and other ratings experts has suggested that there are a number of methods of avoidance. The most common methods of avoidance suggested appear to be:
- a) Avoidance of empty property rates through repeated periods of artificial/contrived occupation;
 - b) Avoidance of empty property rates through artificial/ contrived occupation of properties by charities;
 - c) Avoidance of empty property rates through artificial/ contrived arrangements where charities own a property and it appears that when next in use it will be mostly for charitable purposes;
 - d) Avoidance of empty property rates through the use of insolvency exemptions.
- 2.2 Other less common methods of avoidance suggested appear to be:
- e) Avoidance of business rates by phoenix companies (businesses who trade for a short period of time, cease to trade and then re-open as a different company);
 - f) Avoidance of business rates by failing to notify authorities of a change in circumstance;
 - g) Avoidance of business rates through properties not appearing in the ratings list;
 - h) Avoidance of empty property rates by making a property unoccupiable.



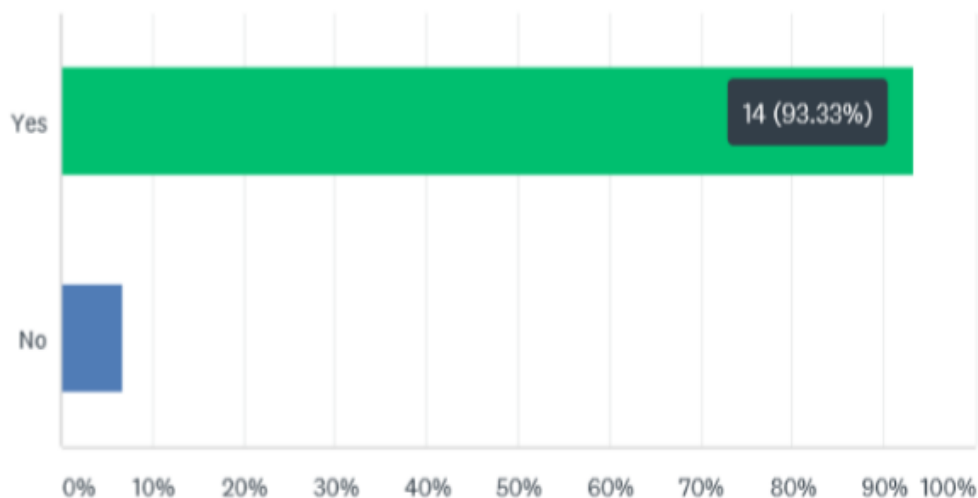
Has your authority ever tried to identify false claims made for Small Business Rates Relief (SBRR)?

Answered: 15 Skipped: 0



Would you be willing to share your business rates data with other authorities if there was a secure mechanism to do so and it helped identify instances of fraudulent SBRR claims?

Answered: 15 Skipped: 0



- Visits were made to a random sample of properties
- Internet/Companies House
- Just internal checking
- Manually checking websites
- Via our Corporate Fraud Team
- Own Review Process

Small Business Rate Relief Fraud

Is it really fraud or an oversight?

What level of review is undertaken?

Is action taken when fraud is detected?

Is there a theme/trend?

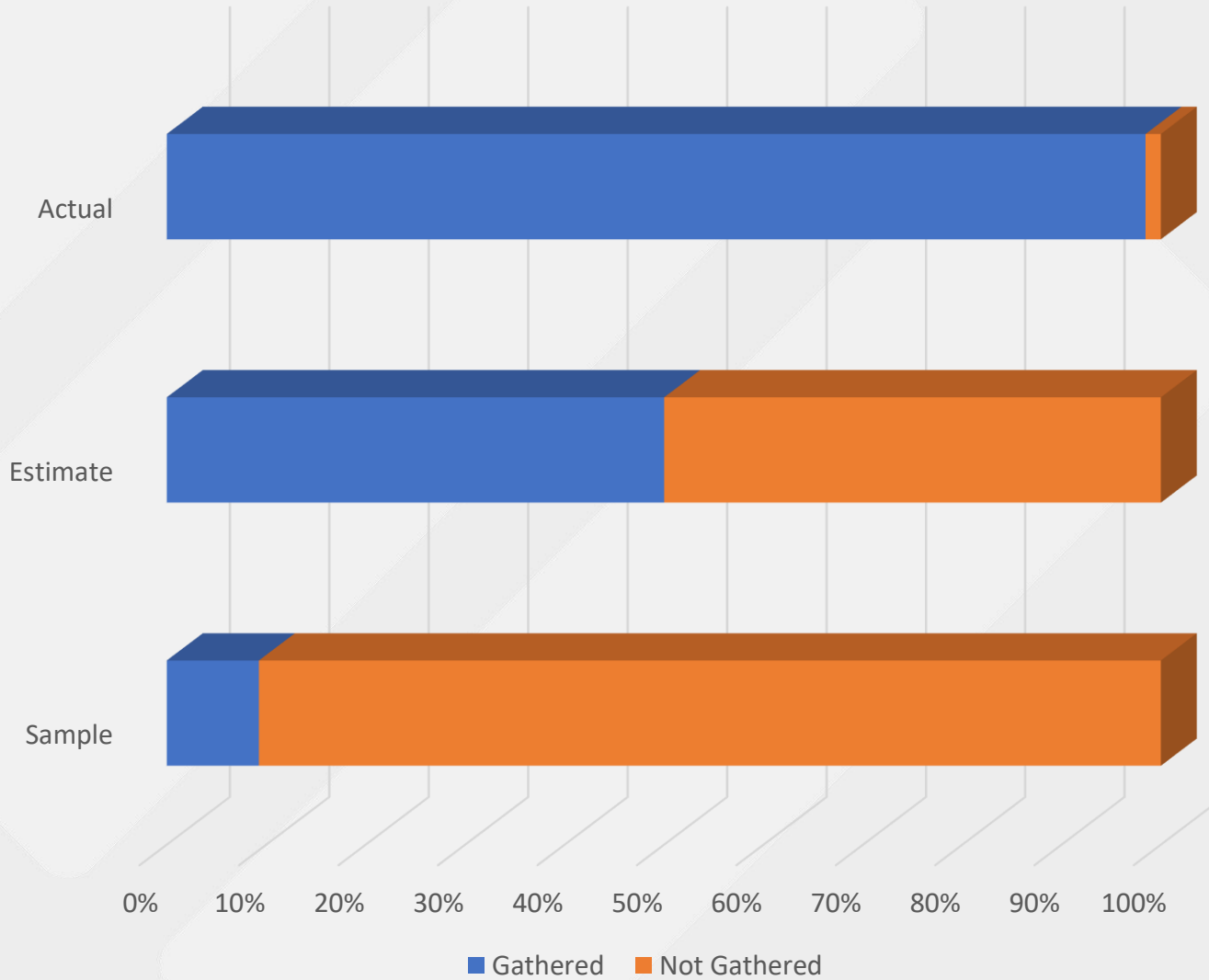
A form of avoidance

Small Business Rate Relief Fraud

What to watch out for:

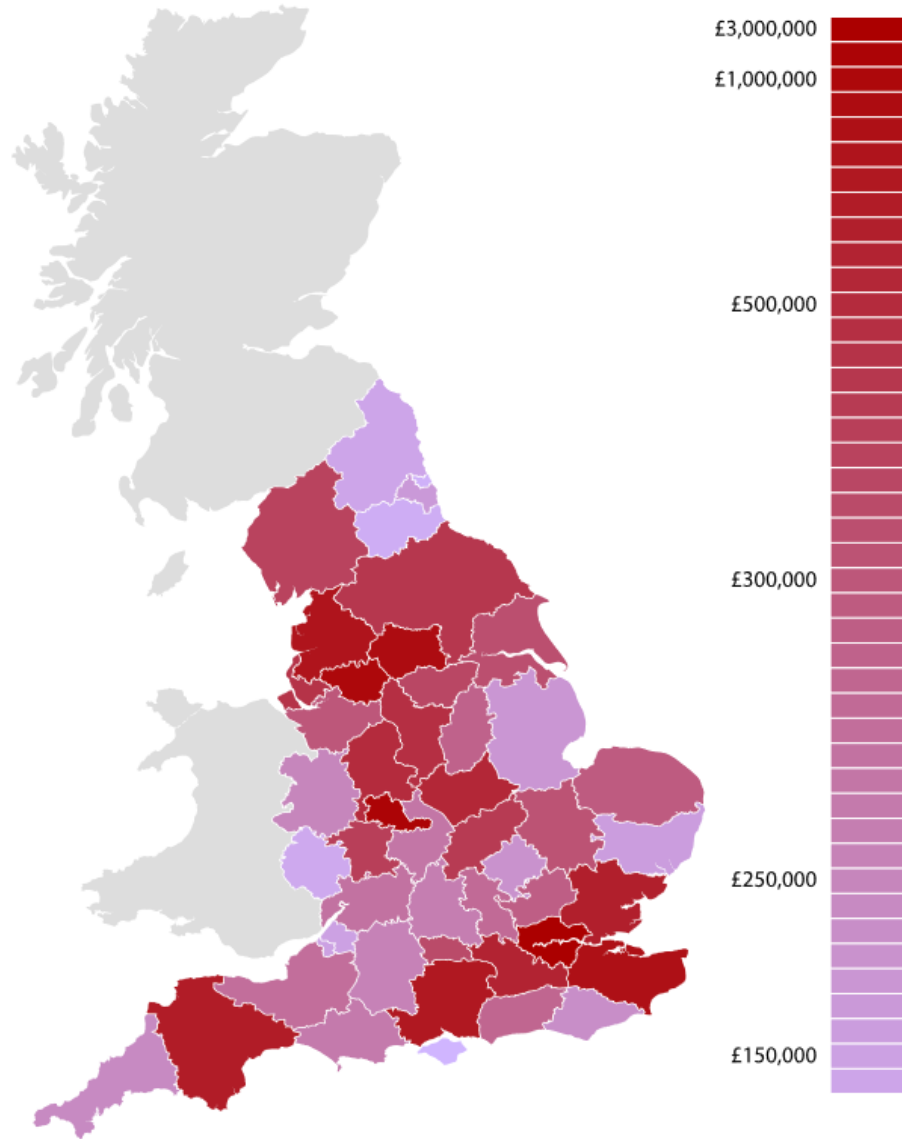
- Watch your ratepayer names!
- Don't rely on rateable value
- Billing address out of the Local Authority area
- Offices for haulage/distribution companies
- Company name contains location
- Franchises
- Estate Agents

Local Authority Datasets





Value of False SBRR Claims





Call: 01772 866226

info@bartongrangelandscapes.co.uk

Barton Grange Landscapes
Cardwell Farm, Garstang Road, Barton,
Preston, Lancashire, PR3 5DR

Company Registration Number: 598953

VAT Number: 604698424

Rateable Value: £6,700



Rateable Value: £785,000

Occupied from March 2008





SMART MOVE



£14,000



£10,500





Stoke Council
£9,100

7 Day Retail Limited

All receiving Small Business Rate Relief
£16,000/year



Burnley Council
£11,000



South Ribble Council
£11,250





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Your Name (required)

Your Number (required)

Your Email (required)

Subject

Your Enquiry

Head Office

Hayes, Middlesex
312 High Street
Harlington, Hayes
UB3 5BT
Tel: 020 8754 8754

BBIS Direct Line:
020 8759 0825

Fareham, Hampshire

3 Manor Court
Barnes Wallis Road
Fareham, Hants
PO15 5TH
Tel: 01489 880 048

Lydney, Gloucestershire

21 Newerne Street
Lydney
GL15 5RA
Tel: 01594 840 940

Chesterfield (Clay Cross)

103 Coney Green Business
Centre
Wingfield View
Clay Cross
Chesterfield
S45 9JW
Telephone 01246 589 709

MUSICIANS
INSURANCE SERVICES
Direct Line: 01246 589 709

Warrington (Lowton)

Lowton Business Centre
Lowton Business Park
Newton Road
Lowton
Warrington
WA3 2AN
Tel: 01942 603 196

Leominster

Easters Court
Ludlow Road
Leominster
HR6 0EY
Tel: 01568 610 018

Peterborough

89 Priory Road
Peterborough
Cambridgeshire
PE3 9EE
Tel: 01733 565 657



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An investigation carried out by City of York Council and Veritau has uncovered and prosecuted a serious case of business rate fraud in the city, which deprived public funds of £4,097.

The prosecution is thought to be the first in the country to be specifically for small business rate relief fraud.

Mr Yigit Ceyhan, (aged 27 of Boroughbridge Road, York) provided a forged lease agreement to the council, claiming that the landlord – not himself - was responsible for the business rates at a barber shop he ran.

He evaded liability at the property and later applied for small business rate relief at another business he ran, a fish and chip shop, on the basis that it was the only business premises that he occupied.

Following an initial demand for payment of the liability order, the company sought to dispute its liability on the basis that, amongst other things, they were entitled to small business rates relief (SBRR). An application was made to the magistrates' court to set aside the liability order on the basis that it had been wrongly calculated by the Council.

The Council refuted the claim made for SBRR on the basis they believed the company was trading in more than one location. To support this belief the Council asked Greenhalgh Kerr to identify if the ratepayer had rateable occupation in other areas beyond their own Authority.

Greenhalgh Kerr disclosed information from the HUB showing other liabilities for the company. As a result the company promptly withdrew its application to set aside the liability order and made arrangements to pay the debt.

	Charge
Anglia Revenues Partnership	£177,000
Ashford Borough Council	£21,000
Bedford Council	£104,000
Blackpool Council	£85,000
Bradford MBC	£250,000
Broadland District Council	£32,000
Bury Council	£67,000
Cheshire West & Chester Council	£192,000
Cotswold	£67,000
Dudley MBC	£165,000
Durham County Council	£122,000
Eastbourne Borough Council	£38,000
Gateshead MBC	£120,000
Huntingdonshire District Council	£97,000
Leicester City Council	£390,000

Total £3,200,000

	Charge
Maidstone Borough Council	£57,000
Newcastle upon Tyne Council	£113,000
Nottingham City Council	£202,000
Nuneaton & Bedworth BC	£70,000
Oxford City Council	£80,000
Preston City Council	£110,000
Rochdale MBC	£72,000
Solihull MBC	£157,000
South Gloucestershire Council	£88,000
Torbay Council	£46,000
Trafford MBC	£161,000
Uttlesford District Council	£74,000
Warrington Council	£76,000
West Oxfordshire District Council	£48,000

In Summary:

- It is fraud in some cases
 - It is avoidance
 - Action should be taken to recover/remove relief
 - Don't overlook it
 - Deal with it now
-
- Protect the public purse!