



Circular Fin 04/2020

Chief Executive

cc. Head of Finance

24 March 2020

Arrangements relating to commercial rates and COVID-19

A Chara,

I am directed by the Minister for Housing, Planning, and Local Government to refer to arrangements relating to commercial rates and the impacts on businesses affected by COVID-19.

Deferral of rates

Government has agreed with the County and City Management Association that local authorities should defer rates payments due from businesses most immediately impacted by COVID-19, primarily in the retail, hospitality, leisure and childcare sectors, for at least a 3 month period.

As the levying and collection of rates are matters for each local authority, this measure will be implemented by each authority in their own areas. Local authorities have long-standing relationships with ratepayers and are therefore best placed to deal with this evolving situation in terms of the impact on ratepayers and operating environments. Notwithstanding that, local authorities are asked to take particular account of the various pressures currently facing ratepayers, in terms of collection of rates and enforcement, in the sectors most impacted so far. Local authorities are also asked to monitor the situation closely, as the categories of ratepayers impacted by the COVID-19 may change over time.

Engagement with ratepayers

Ratepayers have been advised that if they have had to temporarily close or significantly curtail operations during the COVID-19 response period they should contact their local authority immediately in relation to any rates payments falling due in the period to end June.

Local authorities should invite impacted ratepayers to inform the local authority if they are experiencing difficulties and are requested to put in place dedicated contact arrangements in order to facilitate any such customer queries. Such arrangements should include a dedicated email address, and may include dedicated phone or online contact form.

Short term cash flow

Government recognises that local authorities deliver critical services every day and that they are working as part of the State's co-ordinated response to dealing with the Public Health threat posed by COVID-19, while also seeking to minimise the impacts on communities, businesses and other stakeholders.

As commercial ratepayers contribute €1.5 billion to local authorities every year, it is acknowledged that flexibility around rates deferral will have implications in terms of cash flow and funding will be provided to address issues arising. At the outset, in order to help mitigate the impacts, the Department has put in place arrangements to advance elements of the 2020 allocations from the Local Government Fund in the short term, rather than over the course of the year as would ordinarily be the case. These arrangements will be kept under review. Any local authority experiencing difficulties with cash flow, following the advance allocations, should contact the Department immediately. It is important that measures are also put in place to maintain a record of all rates deferred and associated income delayed.

Local Property Tax 2020

In the normal course of events, local authorities receive LPT allocations in six staged payments. Two of these payments have already been made; the first in January 2020 and a second payment earlier this month. Local authorities will now receive a combined third and fourth instalment of LPT payments within the next fortnight. These payments are not additional funding allocations, but are being advanced in order to assist local authorities with cash flow during this exceptional period.

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Lorraine O'Donoghue
Principal
Local Government Finance