

**Application (i) for Mandatory Charity Relief (Sections 43 (5) and (6), 47
Local Government Finance Act 1988)**

Guidelines for completing the form

S43 of the Local Government Finance Act 1988 allows mandatory relief (80%) to be granted on premises where the ratepayer is a charity or trustees for a charity and the premises are wholly or mainly used for charitable purposes.

The legislation has been amended by the Local Government Act 2003 (effective from 1st April 2004) to include Community Amateur Sports Clubs (CASC) which are registered with HMRC as a CASC. These organisations can receive the mandatory (80%) relief.

Charities are defined within the legislation as being an institution (S67 (10) Local Government Finance Act 1988) or other organisation established for charitable purposes only or by persons administering a trust established for charitable purposes only. 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. However, in all cases the organisation must fall within the following categories:

- Trust for the relief of poverty
- Trust for the advancement of religion
- Trust for the advancement of education
- Trust for other purposes beneficial to the community

Certain organisations are exempted from registration generally and are not required to make formal application to the Charity Commissioners, these are:

- The Church Commissioners and institution administered by them
- Any registered society within the meaning of the Friendly Societies Act of 1896 to 1974
- Units of the Boy Scouts Association or the Girl Guides Association and
- Voluntary schools within the meaning of the Education Acts of 1944 to 1980

Irrespective of whether an organisation is registered as a charity or not, the premises must be wholly or mainly used for charitable purposes. This is essential if any relief (either mandatory or discretionary) is to be granted.

Charity shops are required to meet additional legislative criteria if they are to receive mandatory relief. Section 64(10) of the Local Government Finance Act 1988 provides that a property is to be treated as being wholly or mainly used for charitable purposes at any time 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 the charity. A charity shop is not entitled to Rate Relief if, like other shops, it is wholly or mainly used for the sale of goods which have been bought in.

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