

EXPLANATORY MEMORANDUM TO

The Rates (Temporary Rebate) (Amendment) Order (Northern Ireland) 2015

S.R. 2015 No. 48

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 31D(15) and (16) of the Rates (Northern Ireland) Order 1977 (“the 1977 Order”) and is subject to the affirmative resolution procedure.

2. Purpose

- 2.1. This Order provides for the extension of the empty shops rate rebate for a period up to 31st March 2016.
- 2.2. Article 1 contains the citation and commencement provisions.
- 2.3. Article 2(a) and (b) amends Article 31D of the 1977 Order to provide that an application for the rebate may be made before 1st April 2016 in respect of a retail property which becomes occupied before that date having been unoccupied for a continuous period of twelve months or more.
- 2.4. Article 2(c) makes a consequential amendment in Article 31D(5) of the 1977 Order.
- 2.5. Article 3 revokes the Rates (Temporary Rebate) (Amendment) Order (Northern Ireland) 2013 which extended the rebate to 31st March 2015.

3. Background

- 3.1. Provision was made in the Rates (Amendment) Act (Northern Ireland) 2012 to enable a temporary 50 per cent. rebate for certain previously unoccupied hereditaments to be introduced.
- 3.2. The provision was introduced as a Ministerial amendment to the Bill in response to proposals by a number of consultees who had commented on the 2011 consultation paper, Rating of Commercial Properties.
- 3.3. The scheme was limited to a one year period for applications to reduce any unwanted displacement, minimise any advantage over established traders and to review the success of the initiative during the initial period.
- 3.4. Following an early review of the scheme in 2013, it was decided to extend the scheme for a further two years.
- 3.5. Over 350 ratepayers have availed of the scheme since its inception in April 2012. It has been well received by district councils, business organisations and commercial ratepayers with a relatively modest cost to the public purse.
- 3.6. There is no evidence to date of any significant displacement caused by people moving premises in order to avail of the scheme and the measure

appears to be providing real support to small independent retailers. Similar schemes has also been introduced in other parts of the UK since 2013.

4. Consultation

- 4.1. No further consultation has been undertaken in respect of this Statutory Rule.

5. Equality Impact

- 5.1. The Equality Impact on this scheme was undertaken as part of the assessment carried out on the Rates (Amendment) Act (Northern Ireland) 2012. The assessment showed that there would be no significantly disproportionate impact for any Section 75 groups from the measures included in the Act.

6. Regulatory Impact

- 6.1. A Regulatory Impact was carried out on the measures introduced by the Rates (Amendment) Act (Northern Ireland) 2012. The impact on small businesses was considered positive. The Department considers that these findings remain valid.

7. Financial Implications

- 7.1. Based on the current successful applications the rates revenue foregone per annum is around £500,000.
- 7.2. However, it is the Department's assessment that the majority of the longer term empty shops that become occupied would have remained empty in the absence of the policy. Revenue loss would therefore relate only to any proven displacement from previously occupied properties, which is likely to be a small proportion of the figures above.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. It is the view of the Department of Finance and Personnel that this Order is compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

- 9.1. In relation to State Aid implications, the relief is being provided under de minimis rules (Commission Regulation (EC) No. 1998/2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid.

10. Parity or Replicatory Measure

- 10.1. Similar schemes have been given effect through Regulations made under section 24B(3) of the Local Government (Scotland) Act 1966; The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2013 (SSI 2013/37) and The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2014 (SSI 2014/31).
- 10.2. In England and Wales, a temporary measure has been introduced to provide this relief by reimbursing local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988.

11. Additional Information

11.1. Not applicable.