

EXPLANATORY MEMORANDUM TO

The Rates (Exemption for Automatic Telling Machines in Rural Areas) Order (Northern Ireland) 2016

S.R. 2016 No. 17

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel ("the Department") to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 42(1G) of the Rates (Northern Ireland) Order 1977 ("the 1977 Order") and is subject to the affirmative resolution procedure.

2. Purpose

- 2.1. The Statutory Rule will extend the current rates exemption for separate entries in the Valuation List associated with automatic telling machines (ATMs) in a designated rural area. The exemption will apply to any ATMs which are valued individually, for example, those located outside petrol stations or on high streets. ATMs located in banks, building societies or shops tend to be valued as part of the building and so are, therefore, unlikely to be eligible.
- 2.2. Article 1 contains the citation and commencement provisions.
- 2.3. Article 2 specifies a later date of 1st April 2017 for the purposes of the definition of "relevant year" in Article 42(1G) of the 1977 Order with the result that the exemption will continue until 31st March 2017.
- 2.4. Article 3 revokes the Rates (Exemption for Automatic Telling Machines in Rural Areas) Order (Northern Ireland) 2015 which extended the exemption until 31st March 2016.

3. Background

- 3.1. In 2007 the Department introduced a package of rural relief measures aimed at businesses in rural areas.
- 3.2. Among the rural relief measures introduced was a full exemption from rates for separate ATM sites located in rural areas. This measure was introduced through Article 25 of the Rates (Amendment) (Northern Ireland) Order 2006 which inserted a new Article 42(1F) and (1G) into the Rates (Northern Ireland) Order 1977.

4. Consultation

- 4.1. The exemption was initially introduced in 2007 following a wider 2005 consultation into rate reliefs for business. On the basis of 2 policy evaluations and previous discussions with the Finance Committee on the scheme the Minister has decided to extend the scheme for another year until April 2017 to continue this support to rural communities for the 2016/17 budget period.

5. Equality Impact

- 5.1. The impact of the policy on section 75 groups has been examined as part of the evaluation. No significant differential impacts were identified.

6. Regulatory Impact

- 6.1. An assessment conducted in advance of the scheme's implementation found that, as the exemption is automatically awarded to eligible ATMs, there would be no additional administrative cost to business. It also indicated that the ATM exemption scheme would have a positive effect on small rural businesses. That work also concluded that the scheme was unlikely to have a major impact on competition, as it would not create a competitive advantage for any specific provider of the service. The Department considers that these findings remain valid in light of how the scheme has operated to date.

7. Financial Implications

- 7.1. When the rural ATMs exemption was introduced in 2007 the relief was not anticipated to cost more than £100,000 per annum in lost revenue. The average relief per ATM was £1,515. The estimated initial cost of the scheme was deemed to be £66,040.
- 7.2. Given that the number of ATMs has increased during the lifetime of the scheme the estimated cost in revenue foregone terms is now considered to be in the region of £150,000 per annum for the 2016/17 rating year.

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. The scheme does not give rise to any issues of competition between Member States and therefore is not considered to be State Aid. If deemed to be so, however, the de-minimis provisions would apply. There are no other relevant European Regulations or Directives.

10. Parity or Replicatory Measure

- 10.1. There are no directly equivalent Statutory Instruments in GB.

11. Additional Information

- 11.1. Not applicable.