

## **EXPLANATORY MEMORANDUM TO**

### **The Rates (Making and Levying of Different Rates) Regulations (Northern Ireland) 2020**

**S.R. 2020 No. 5**

#### **1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 6(6) of the Rates (Northern Ireland) Order 1977 and is subject to the negative resolution procedure.

#### **2. Purpose**

- 2.1. These Regulations enable different rates to be made and levied on the rateable net annual values of properties and on the rateable capital values of properties and set out the formula to be applied by district councils in making their capital value district rates.
- 2.2. Regulation 1 contains the citation and commencement provisions.
- 2.3. Regulation 2 provides that different regional and district rates may be made and levied on the rateable net annual values of properties and on the rateable capital values of properties.
- 2.4. Regulation 3 sets out the formula which links a capital value district rate made by a district council to the net annual value district rate made by that council.
- 2.5. Regulation 4 revokes the Rates (Making and Levying of Different Rates) Regulations (Northern Ireland) 2015 (S.R. 2015 No.20) with savings.
- 2.6. The Schedule sets out, for each district council, the conversion factors to be used in the formula linking the capital value district rate to the net annual value district rate.

#### **3. Background**

- 3.1. On 1st April 2020 the non-domestic revaluation will take place as a new revised non-domestic valuation list becomes operative. The changes to the non-domestic tax base will mean that the conversion factors currently prescribed within the Rates (Making and Levying of Different Rates) Regulations (Northern Ireland) 2015 will need to be adjusted to take account of the new values laid out in the list.

#### **4. Consultation**

- 4.1. No consultation is required in relation to the new conversion factors. These are a technical outworking of existing and long-standing policy.
- 4.2. The new factors have to be determined by the Department and their recalculation is a technical consequence of the non-domestic revaluation exercise.

- 4.3. Each of the 11 councils has been given advance notification of their applicable conversion factor through the estimated penny product process undertaken by the Department, and the Department has been working closely with councils in relation to how those factors are to be employed.

## **5. Equality Impact**

- 5.1. The Department considers that there is no disproportionate impact (favourable or unfavourable) on any of the section 75 subgroups. This Statutory Rule is a feature of the taxation system.

## **6. Regulatory Impact**

- 6.1. A Regulatory Impact Assessment has not been prepared for these Regulations. These Regulations apply to all rateable domestic and non-domestic property in Northern Ireland.

## **7. Financial Implications**

- 7.1. There are no direct financial impacts as result of this measure. This Statutory Rule is a feature of the taxation system.

## **8. Section 24 of the Northern Ireland Act 1998**

- 8.1. It is the view of the Department of Finance that these Regulations are compatible with section 24 of the Northern Ireland Act 1998.

## **9. EU Implications**

- 9.1. There are no EU implications as a result of this measure.

## **10. Parity or Replicatory Measure**

- 10.1. None.

## **11. Additional Information**

- 11.1. None.