

*These notes refer to the Rating (Former Farm Premises and Rural Shops) Act 2001 (c.14) which received Royal Assent on 11 May 2001*

# **RATING (FORMER FARM PREMISES AND RURAL SHOPS) ACT 2001**

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## **EXPLANATORY NOTES**

### **THE ACT**

12. The relevant legislation is in sections 43 and 47 of the Local Government Finance Act 1988 as amended by the Local Government and Housing Act 1989, the Local Government Finance Act 1992, the Local Government and Rating Act 1997, the Greater London Authority Act 1999 and the Postal Services Act 2000.
13. *Section 1* amends section 43 of the 1988 Act to provide the mandatory 50% relief for former agricultural premises.
14. *Subsection (3)* inserts a new subsection (6F) into section 43 setting out the conditions a hereditament must meet if it is to qualify for the 50% mandatory rate relief. These are:
  - its rateable value shown in the rating list at the beginning of the financial year is not more than the amount prescribed by the Secretary of State;
  - that land and buildings contained within the hereditament must have been wholly or mainly agricultural (disregarding domestic property) for at least 183 days in the year preceding the commencement of the Act;
  - on the relevant day for which rates are chargeable some land or buildings which were agricultural on 183 days during that period are not agricultural; and
  - the hereditament does not qualify for stud farm relief on the relevant day.
15. This section also :
  - places a 5 year limit on the relief from the date the provisions of the Act come into effect;
  - gives the Secretary of State the power to extend the life of the relief for a further period or periods; and
  - if the period is extended, limits mandatory relief for hereditaments that include land and buildings already qualifying for relief as part of an earlier hereditament, to a 5 year period commencing on the day that earlier hereditament first qualified for rate relief.
16. *Subsection (4)* provides that if a hereditament qualifies for relief under both section 43(5) of the 1988 Act (use for charitable purposes) and section 43(6A) (certain premises in rural settlements, including qualifying food stores), it receives the greater relief under section 43(5), which is worth 80% rather than 50% of the rates Bill.
17. *Section 2* enables the local authority to determine the daily rate liability of a hereditament that qualifies for the 50% mandatory relief for former agricultural premises instead of the formula set out in section 43 of the 1988 Act. This enables local authorities to top-up the mandatory relief with discretionary relief up to

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100%. Hereditaments which receive the existing stud farms relief, but would otherwise be eligible for mandatory relief under section 1, will qualify for this discretionary relief under section 2.

18. *Section 3* adds village food stores to the list of other hereditaments that can qualify for mandatory 50% village shop rate relief.
19. *Subsection (3)* defines a village food store as one that is wholly or mainly selling food on a retail basis for human consumption. The supply of confectionery and of food in the course of catering is excluded. Catering is defined as the supply of food for consumption on the premises or of hot food that is eaten off the premises. This excludes such establishments as restaurants, cafes, tea-rooms and fast food shops but not food shops that only sell small amounts of such items.
20. *Section 4* enables the National Assembly for Wales to make separate orders for hereditaments in Wales.
21. *Section 6(2)* contains the commencement provision. The Act is to be brought into force on such day or days as the Secretary of State or (in Wales) the National Assembly for Wales by order appoints.