

TELECOMMUNICATIONS INFRASTRUCTURE (RELIEF FROM NON-DOMESTIC RATES) ACT 2018

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Telecommunications Infrastructure (Relief from Non-Domestic Rates) Act 2018 (c. 1) which received Royal Assent on 8 February 2018.

- These Explanatory Notes have been prepared by the Ministry of Housing, Communities and Local Government in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Act will mean in practice; provide some background information on the development of policy; and provide additional information on how the Act will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Act. They are not, and are not intended to be, a comprehensive description of the Act.

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Overview of the Act

1. As announced in the Autumn Statement 2016, the Government has legislated to provide a new 100% business rates relief for the installation of new optical fibre for five years from 1 April 2017 (“the relief”). The Act provides the framework for the relief with further conditions for eligibility to be provided in regulations.

Policy background

2. At the Autumn Statement in 2016, the Chancellor announced that the Government will provide a new 100% business rates relief for new fibre infrastructure for a five year period from 1 April 2017. This was proposed to support rollout of new full-fibre broadband infrastructure and future 5G communications to homes and businesses.

Legal background

3. The Act amends the Local Government Finance Act 1988 (the “1988 Act”) (in particular Part 3 which deals with non-domestic rating) and makes consequential amendments to the Business Rate Supplements Act 2009 (the “2009 Act”).

Territorial extent and application

4. Section 6(1) sets out the territorial extent of the Act. The Act extends and applies to England and Wales only.

Commentary on provisions of Act

Sections 1 to 3: Relief for telecommunications infrastructure

5. Sections 1 to 3 amend Part 3 of the 1988 Act to introduce a new mandatory relief for hereditaments used for the purpose of telecommunications which are shown on non-domestic rating lists. “Hereditament” means property which is or may become liable to a non-domestic rate, being a unit of such property which is, or would fall to be, shown as a separate item on a local non-domestic rating list. “Non-domestic rates” means rates payable under Part 3 of the 1988 Act by the occupier or owner of property shown on a local non-domestic rating list or central non-domestic rating list.
6. To account for the relief to be provided, Sections 1 and 2 amend Part 3 of the 1988 Act to provide a new formula for calculating the chargeable amounts to be shown on local non-domestic rating lists for eligible hereditaments. Eligible hereditaments must be wholly or mainly used for the purpose of facilitating the transmission of communication by any means involving the use of electrical or electromagnetic energy (e.g. broadband or 5G). The relief applies for days falling before 1 April 2022. Sections 1 and 2 give the Secretary of State, or in relation to Wales, the Welsh Ministers, the power to prescribe further conditions that must be met for the relief to apply and also powers for the relief to apply to days later than 1 April 2022.
7. Sections 1 and 2 also provide the Secretary of State, or in relation to Wales, the Welsh Ministers, with powers to set the level of the relief by prescribing the amount of relief in regulations (by setting the amount for “T” and “F” in the new formula). Regulations may also impose duties or confer powers on valuation officers and make provision relating to appeals.
8. Section 3 provides the same provisions in respect of the central rating list.

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Sections 4 to 6: Consequential provision, financial provision and extent, application and short title

9. Section 4 introduces the Schedule to the Act which makes consequential amendments to both the 1988 Act and the 2009 Act. This Section also specifies that powers to make regulations must be exercisable by statutory instrument. This Section gives the Secretary of State, or in relation to Wales, the Welsh Ministers, powers to make regulations as they consider appropriate in consequence of this Act, including amending primary legislation. If a statutory instrument amends primary legislation, the affirmative procedure applies; all other statutory instruments follow the negative procedure.
10. Section 5 recognises that, as a matter of House of Commons procedure, a financial resolution needed to be agreed for the Bill from which the Act resulted.
11. Section 6 provides that the Act extends to England and Wales only and that the amendments made by the Act to the 1988 Act and the 2009 Act have effect from 1 April 2017.

Commencement

12. The Act will come into force on the day on which it receives Royal Assent.

Related documents

13. The following documents are relevant to the Act and can be read at the links below:

- The Local Government Finance Act 1988
<http://www.legislation.gov.uk/ukpga/1988/41/contents>
- The Business Rate Supplements Act 2009
<http://www.legislation.gov.uk/ukpga/2009/7/contents>
- Delegated powers memorandum

The delegated powers memorandum can be found in the Act documents section on the Act's Parliamentary webpage.

<http://services.parliament.uk/Acts/2017-19/telecommunicationsinfrastructure/relieffromnon-domesticrates/documents.html>

Annex A - Hansard References

14. The following table sets out the dates and Hansard references for each stage of the Act's passage through Parliament.

Stage	Date	Hansard Reference
<i>House of Commons</i>		
Introduction	04 July 2017	Vol. 626 Col. 1042
Second Reading	10 July 2017	Vol. 627 Col. 64
Public Bill Committee	05 September 2017	Vol. 628 Col. 112
Report and Third Reading	05 September 2017	Vol. 628 Col. 121
<i>House of Lords</i>		
Introduction	06 September 2017	Vol. 783 Col. 1959
Second Reading	09 October 2017	Vol. 785 Col. 15
Grand Committee	24 October 2017	Vol. 785 Col. 21GC
Report	28 November 2017	Vol. 787 Col. 617
Third Reading	06 December 2017	Vol. 787 Col. 1057
Commons Consideration of Lords Amendments	23 January 2018	Vol. 635 Col. 226
Royal Assent	08 February 2018	House of Commons Vol. 635 Col. 1641
		House of Lords Vol. 788 Col. 2067

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