
STATUTORY INSTRUMENTS

1989 No. 2476

RATING AND VALUATION

The Non-Domestic Rating (Transitional Period) (Appropriate Fraction) Order 1989

Approved by both Houses of Parliament

Made - - - - 22nd December 1989
Coming into force - - 23rd December 1989

The Secretary of State for the Environment as respects England, and the Secretary of State for Wales as respects Wales, in exercise of the powers conferred on them by section 143(1) of, and paragraph 5(8) of Schedule 7A to, the Local Government Finance Act 1988(1), having regard to the object of securing (so far as practicable) that the aggregate amount payable to them and all charging authorities by way of non-domestic rates as regards a relevant year is the same as it would in their opinion be likely to be apart from that Schedule, hereby make the following Order in the terms of a draft laid before and approved by resolution of each House of Parliament:

Citation and commencement

1. This Order may be cited as the Non-Domestic Rating (Transitional Period) (Appropriate Fraction) Order 1989 and shall come into force on the day after the day on which it is made.

Rules for calculation of appropriate fraction

2.—(1) This article applies in a case where the notional chargeable amount for a hereditament for each day in the relevant year which begins in 1990 or in 1991 does not exceed the base liability for the hereditament for each day in the year.

(2) The appropriate fraction for the hereditament for each day in the year shall be found by applying the formula—

$$\frac{X}{100} \times \frac{RPI(1)}{RPI(2)}$$

(3) If—

- (a) the hereditament is situated in Greater London and the rateable value shown for it in the local non-domestic rating list for 1st April 1990 is £15,000 or more, or

(1) 1988 c. 41; Schedule 7A is inserted by the Local Government and Housing Act 1989 (c. 42), Schedule 5, paragraph 40.

- (b) it is situated outside Greater London and the rateable value shown for it in the local non-domestic rating list for 1st April 1990 is £10,000 or more,
X is 89.5 as regards the relevant year beginning in 1990 and 87 as regards the relevant year beginning in 1991.
- (4) If—
 - (a) the hereditament is situated in Greater London and the rateable value shown for it in the local non-domestic rating list for 1st April 1990 is less than £15,000, or
 - (b) it is situated outside Greater London and the rateable value shown for it in the local non-domestic rating list for 1st April 1990 is less than £10,000,
X is 84.5 as regards the relevant year beginning in 1990 and 82 as regards the relevant year beginning in 1991.
- (5) RPI(1) is the retail prices index for September of the financial year preceding the relevant year concerned.
- (6) RPI(2) is the retail prices index for September of the financial year which precedes that preceding the relevant year concerned.

21st December 1989

Chris Patten
Secretary of State for the Environment

22nd December 1989

Peter Walker
Secretary of State for Wales

EXPLANATORY NOTE

(This note is not part of the Order)

The Local Government Finance Act 1988 introduces with effect from 1st April 1990 a new business rate, which replaces the general rate insofar as concerns business property. Schedule 7A to the Act provides for the phasing of the gains or losses occasioned by this and by the revaluation of business property for 1990. When the conditions set out in the Schedule are satisfied, the gains and losses are phased over a period of up to 5 years. The taper of the phasing depends upon the “appropriate fraction” which is applied annually to the base liability.

For hereditaments whose bills are increased by the introduction of the new rate, the appropriate fraction is calculated in accordance with rules set out in the Schedule. This Order sets out the rules for the calculation of the appropriate fraction for the transitional years beginning in 1990 and 1991 for those whose bills are reduced on the introduction of the rate. As required under the Schedule, the rules are designed to secure so far as practicable that, taking both classes of case together, the total amount payable by way of non-domestic rates for a transitional year is the same as it would be apart from the transitional provisions.