

SCHEDULE 2

Regulation 5

Rules for calculation of the amount to be disregarded

PART 1

Calculation of the proportion of non-domestic rating income to be disregarded for the purpose of calculations under Schedule 7B to the 1988 Act

1.—(1) For the purposes of regulation 5, but subject to sub-paragraph (2), the proportion of a relevant billing authority's non-domestic rating income for a specified year in respect of a designated area within which all or part of the authority's area falls is the difference between—

- (a) the amount of the authority's non-domestic rating income for that year in respect of that area calculated in accordance with Part 2; and
- (b) the amount calculated in relation to the authority for that year in respect of that area in accordance with Part 3.

(2) Where the amount calculated in accordance with Part 3 is greater than or equal to the amount calculated in accordance with Part 2, the proportion for the purposes of regulation 5 is zero.

PART 2

Calculation of non-domestic rating income

2.—(1) A relevant billing authority's non-domestic rating income in respect of a designated area for a specified year is the amount calculated in accordance with the formula—

$$(A - B) + (C - D) - E + F + G - H$$

where—

A is the total of the amounts credited to the authority's collection fund income and expenditure account in the year in accordance with proper practices⁽¹⁾ in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area;

B is the total of the amounts charged to the authority's collection fund income and expenditure account in the year in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area;

C is the amount of any transitional protection payments under paragraph 33(1) of Schedule 7B to the 1988 Act made to the authority in the year in respect of hereditaments situated in the designated area;

D is the amount of any transitional protection payments under paragraph 33(1) of Schedule 7B to the 1988 Act made by the authority in the year in respect of hereditaments situated in the designated area;

E is the total of the amounts credited to the authority's collection fund income and expenditure account in the year in accordance with proper practices in respect of non-domestic rates payable

(1) The meaning of proper practices is given in section 21 of the Local Government Act 2003 (c.26), which applies to these Regulations by virtue of subsection (4)(e) of that section.

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under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

F is the total of the amounts charged to the authority’s collection fund income and expenditure account in the year in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

G is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B to the 1988 Act made by the authority in the year in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

H is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B to the 1988 Act made to the authority in the year in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies.

(2) This sub-paragraph applies to a hereditament which—

- (a) is to be treated as one hereditament by virtue of regulations under section 64(3)(b) of the 1988 Act; and
- (b) would have constituted three or more separate hereditaments had regulations under section 64(3)(b) not been made.

(3) In this paragraph, references to an authority’s collection fund income and expenditure account is a reference to a revenue account to which, in accordance with proper practices, are credited or charged amounts in respect of the authority’s income or expenditure relating to sums paid or to be paid into or payments met or to be met from the authority’s collection fund.

PART 3

Calculation of the amount deducted from non-domestic rating income

3.—(1) If the specified year is not a year in which local lists must be compiled, the amount to be calculated for the purposes of paragraph 1(1)(b) in relation to the authority for the year in respect of the area is that described in sub-paragraph (2) or (3) (as the case may be).

(2) For the year beginning on 1st April 2014, that amount is calculated in accordance with the formula—

$$J \times \frac{K_2}{K_1}$$

where—

J is the figure provided in column 3 of the table in Schedule 1 in relation to the designated area;

K₂ is the small business non-domestic rating multiplier for the year beginning on 1st April 2014; and

K₁ is the small business non-domestic rating multiplier for the year beginning on 1st April 2013.

(3) For the year beginning on 1st April 2015, and for a subsequent specified year which is not a year in which local lists must be compiled, that amount is calculated in accordance with the formula—

$$L \times \frac{M_2}{M_1}$$

where—

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L is the amount calculated in accordance with sub-paragraph (2), this sub-paragraph or paragraph 4(2), as the case may be, for the preceding year;

M₂ is the small business non-domestic rating multiplier for the specified year concerned; and

M₁ is the small business non-domestic rating multiplier for the preceding year.

4.—(1) If the specified year is a year in which local lists must be compiled (“the revaluation year”), the amount to be calculated for the purposes of paragraph 1(1)(b) in relation to the authority for the year in respect of the area is that described in sub-paragraph (2).

(2) That amount is the amount calculated in accordance with the formula—

$$N \times \left(\frac{P \times R_2}{Q \times R_1} \right)$$

where—

N is the amount calculated in accordance with paragraph 3(2) or 3(3), as the case may be, for the preceding year;

P is the aggregate rateable values shown in the relevant billing authority’s local list for 1st April in the revaluation year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies, falling within the designated area;

Q is the aggregate rateable values shown in the relevant billing authority’s local list for 31st March in the preceding year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies, falling within the designated area;

R₂ is the small business non-domestic rating multiplier for the revaluation year;

R₁ is the small business non-domestic rating multiplier for the preceding year.

(3) For the purposes of this paragraph, the rateable value of a hereditament shown in the relevant billing authority’s local list for 31st March in the preceding year is to be taken to be the rateable value that would have been shown in that list for that day had the circumstances relating to that hereditament been as they were on 1st April in the revaluation year.