
EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 13B (Transitional arrangements) of the Local Government Finance Act 1992 (“the 1992 Act”) gives the National Assembly for Wales the power to make regulations which make provision for the purpose of smoothing changes in council tax liability resulting from the coming into force of an order under section 5 (Different amounts for dwellings in different valuation bands) or in relation to a billing authority in Wales of a list under section 22B (Compilation and maintenance of new lists) of the 1992 Act. These Regulations are made under section 13B and make transitional arrangements for the period from 1 April 2005 (which is the date on which new section 22B lists will come into force in Wales) to 31 March 2008 (“the transitional period”).

Regulation 3 requires that a valuation band (known as a transitional valuation band) is to be identified in respect of a dwelling (other than a dwelling falling, for the time being, within Class A or B as prescribed by the Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998) for the transitional period in accordance with regulation 4.

Regulation 3 sets out the circumstances in which a transitional valuation band is to be identified in accordance with regulation 4. The circumstances are:

- (a) a dwelling must be a dwelling which was on a valuation list on 31 March 2005; and
- (b) the dwelling must have increased by two or more valuation bands on 1 April 2005 as compared to the applicable valuation band on or for 31 March 2005 (“the original valuation band”); and
- (c) the person who is liable to pay council tax in respect of the dwelling on 31 March 2005 (or if more than one person is liable, one of those persons) is also liable in respect of the dwelling on 1 April 2005 and at some other time or times during the transitional period.

Regulation 3(4) provides that where an alteration is made to a valuation list during the transitional period such that the valuation band for a dwelling increases by two or more bands above the original valuation band, that dwelling must be treated as satisfying the circumstances referred to in (b) above. Regulation 3(5) provides that where, under regulation 3(4), a dwelling is to be treated as having been subject to a relevant number of valuation band increases being two or more bands, the increased band is to apply from the date on which the valuation list is altered or deemed to be altered in accordance with the Council Tax (Alteration of Lists and Appeals) Regulations 1993.

Regulation 4, which is subject to regulations 3(5) and 6 sets out the basis on which a transitional valuation band for a dwelling is identified in each of the three financial years in the transitional period (or part of such a financial year). A transitional valuation band is only to be identified in relation to a person who falls within regulation 3(2)(c). In a financial year in the transitional period the relevant number of valuation band increases above the original valuation band as shown in column (1) of the Schedule is to be reduced by the corresponding number of bands set out in column (2), (3) or (4) for that financial year. The number of valuation band increases derived from such a calculation is added to the original valuation band to ascertain the appropriate transitional valuation band for each financial year (or part of a financial year) in the transitional period.

Regulation 5 provides that where a transitional valuation band applies to a dwelling it is to be taken as the basis for determining and calculating liability to pay council tax.

Regulation 6 provides that during the transitional period regulation 4(6) of the Council Tax (Reductions for Disabilities) Regulations 1992 (“the 1992 Regulations”) is to be read as including a reference to regulations made under section 13B of the 1992 Act (i.e. these Regulations). The

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amount of council tax payable, as calculated under regulation 4 of the 1992 Regulations is therefore modified by reference to the transitional arrangements made by these Regulations.

The Table in the Schedule to these Regulations sets out in column (1) the number of valuation band increases as at 1 April 2005 which are relevant for the purposes of regulation 4. Columns (2), (3) and (4) of the Table set out accordingly the corresponding number of valuation bands by which column (1) increases are reduced in the first, second and third financial years in the transitional period.