These notes refer to the Rates (Amendment) Act (Northern Ireland) 2012 (c.1) which received Royal Assent on 28th February 2012

Rates (Amendment) Act (Northern Ireland) 2012

EXPLANATORY NOTES

BACKGROUND AND POLICY OBJECTIVES

3. The Act gives effect to a number of decisions arising from the Executive's consultation on the rating of commercial properties in 2011, which arose following the Budget announcement, on 4th March 2011, by the Minister for Finance and Personnel, Sammy Wilson, MP, MLA. That announcement set out the intention to rebalance the non-domestic rating system so that during the continuing economic downturn additional smaller businesses would get help, while the very largest retailers would pay more. It was proposed to achieve this through expanding the small business rate relief scheme, funded through a large retail levy. The measures will last for three years, from 1st April 2012 through to 31st March 2015.

4. Having taken account of the issues raised during consultation the Executive decided to provide 20% relief to small businesses with a net annual value of between £5,001 and £10,000. This will be dealt with through subordinate legislation. The Act provides the mechanism for raising revenue to fund it through the imposition of a levy on the largest retail premises; those hereditaments with a rateable value of £500,000 or above that are occupied and used primarily for the retail sale of goods.

5. Given a modest increase in regional rates revenue, more than anticipated when the original budget announcement was made, the Executive agreed to moderate the impact of the levy, reducing it from an average of 20% to 15%. The Act provides for the additional regional rate to be levied on large retail hereditaments and for the definition of those hereditaments.

6. Policy proposals were also brought forward to deal with the issue of empty shops (retail premises) and the blighting effect that they are having on town and city centres. The Executive agreed measures to improve the appearance of shopping areas without increasing rate liability for ratepayers. The Act provides that where shop window displays are used for (non-political) community or other non-commercial purposes the property will still be considered unoccupied. Therefore, ratepayers will effectively continue their entitlement to receive 50% empty property relief (or an exclusion if applicable).

7. A number of consultation responses also commented on the need for measures to encourage empty retail properties back into use. In response, the Executive agreed to the introduction of a one year concession, in 2012/13. This will provide a 50% rebate where long term empty retail properties become occupied. This will effectively allow empty property relief to continue for the first year that the property is subsequently occupied, whether used for retail purposes or not. The property will have to have been empty for at least a year, with the rebate then awarded for 12 months. The measure will apply for the 2012/13 rating year.

8. A final policy area addressed as part of the consultation process was the intention to clarify the legislation relating to the valuation assumptions used at non-domestic revaluation, by being more specific about the matters to be taken into account when valuing a property for the purposes of a new valuation list. The change does not alter the way revaluations have always been undertaken but will ensure consistency and relativity of assessment between business ratepayers. It will also ensure that the valuation assumptions are as clear and explicit as possible, to deal with all eventualities. Changes were also proposed to repeal the rule applied to properties valued by reference to their volume of trade, for example public houses, which will clarify the law and provide for greater consistency of treatment with other non domestic properties. The Executive agreed that these changes, which will take effect at the next general revaluation (scheduled for 2015), should be taken forward. This is provided for in the Act.