

EXPLANATORY MEMORANDUM TO

The Rates (Temporary Rebate) (Amendment) Order (Northern Ireland) 2013

S.R. 2013 No. 15

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 31D(15) and (16) of the Rates (Northern Ireland) Order 1977 (“the 1977 Order”) and is subject to the affirmative resolution procedure.

2. Purpose

- 2.1. This Order provides for the extension of the empty shops rate rebate for a period up to 31st March 2015.
- 2.2. Article 1 contains the citation and commencement provisions.
- 2.3. Article 2(a) and (b) amends Article 31D of the 1977 Order to provide that an application for the rebate may be made before 1st April 2015 in respect of a retail property which becomes occupied before that date having been unoccupied for a continuous period of twelve months or more.

3. Background

- 3.1. Provision was made in the Rates (Amendment) Act (Northern Ireland) 2012 to enable a temporary 50 per cent. rebate for certain previously unoccupied hereditaments to be introduced.
- 3.2. The provision was introduced as a Ministerial amendment to the Bill in response to proposals by a number of consultees who had commented on the 2011 consultation paper, Rating of Commercial Properties.
- 3.3. The scheme was limited to a one year period for applications to reduce any unwanted displacement, minimise any advantage over established traders and to review the success of the initiative during the initial period.
- 3.4. About 70 ratepayers have availed of the scheme in its first 9 months. It has been well received by district councils, business organisations and commercial ratepayers with a relatively modest cost to the Executive.
- 3.5. There is no evidence to date of any significant displacement caused by people moving premises in order to avail of the scheme and the measure appears to be providing real support to small independent retailers. A similar scheme has also been introduced in Scotland from 1st April 2013.

4. Consultation

- 4.1. No further consultation has been undertaken in respect of this Statutory Rule.

5. Equality Impact

- 5.1. The Equality Impact on this scheme was undertaken as part of the assessment carried out on the Rates (Amendment) Act (Northern Ireland) 2012. The assessment showed that there would be no significantly disproportionate impact for any Section 75 groups from the measures included in the Act.

6. Regulatory Impact

- 6.1. A Regulatory Impact was carried out on the measures introduced by the Rates (Amendment) Act (Northern Ireland) 2012. The impact on small businesses was considered positive. The Department considers that these findings remain valid.

7. Financial Implications

- 7.1. The rates revenue forgone for 2012/13 currently sits at £200,000. The projected cost involved in extending the scheme would be in the region of up to £250,000 a year based on current uptake levels. If it is decided to extend the scheme until the end of the budget period the cost would be £500,000 on current uptake levels.
- 7.2. However, it is the Department's assessment that the majority of the longer term empty shops that become occupied would have remained empty in the absence of the policy. Revenue loss would therefore relate only to any proven displacement from previously occupied properties, which is likely to be a small proportion of the figures above.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. It is the view of the Department of Finance and Personnel that this Order is compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

- 9.1. In relation to State Aid implications, the relief is being provided under de-minimis rules (Commission Regulation (EC) No. 1998/2006 on the application of Articles 87 and 88 of the Treaty).

10. Parity or Replicatory Measure

- 10.1. A similar scheme which will be given effect through amendment to the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 will commence in Scotland on 1st April 2013.

11. Additional Information

- 11.1. Not applicable.