

EXPLANATORY MEMORANDUM TO

The Rates (Coronavirus) (Emergency Relief) (No. 2) Regulations (Northern Ireland) 2020

S.R. 2020 No. 144

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 31C of the Rates (Northern Ireland) Order 1977 of the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157(N.I. 28)) and is subject to the negative resolution procedure.

2. Purpose

- 2.1. This Statutory Rule will implement phase 2 of the COVID-19 support measures, and will provide for targeted support measures to succeed the general rates holiday implemented by The Rates (Coronavirus) (Emergency Relief) Regulations (Northern Ireland) 2020
- 2.2. These targeted measures will come into operation on 1 August 2020 once that 4 month general rates holiday has expired.
- 2.3. Regulation 1 contains the citation and commencement provisions.
- 2.4. Regulation 2 and the Schedules contain interpretation provisions for the purposes of the Rule. This includes provision outlining that retail hereditaments will not include hereditaments whose retail floor space is greater than a 500m² Net Internal Area (NIA) used either wholly or mainly for the retail sale of food, or wholly or mainly for the sale of retail sale of food with household goods. The regulation also excludes hereditaments wholly or mainly used for the retail sale of intoxicating liquor from the definition of retail hereditament
- 2.5. Regulation 3 removes rates liability that arises for specified hereditaments between 1st August 2020 and 31st March 2021.
- 2.6. Regulation 4 allows for the removal of liability under regulation 3 to apply to the NAV element of a mixed hereditament that appears on the non-domestic valuation list.
- 2.7. Regulation 5 provides that where rates are payable by the owner rather than the occupier of a business hereditament, the reduction of rates is conditional on the owner applying the amount of the reduction for the benefit of the occupier.
- 2.8. Regulation 6 makes provision to ensure that the relief provided under these Regulations is applied after the rate relief provided under the Rates (Small Business Hereditament Relief) Regulations (Northern Ireland) 2010 (S.R. 2010 No. 4) as amended.
- 2.9. Schedule 1 to the Regulations provides for what will constitute an excepted hereditament for the purposes of the Regulations.

- 2.10. Schedule 2 to the Regulations outlines what will constitute the classes designated for the purposes of a specified hereditament.

3. Background

- 3.1. These are emergency Regulations made in tandem with the Northern Ireland Executive's wider response to COVID-19.
- 3.2. The provision within these Regulations comes in light of the Finance Minister's statement of 19 May 2020. This built on the £100m rates relief announced by the Minister on 17 March which gave all businesses a three month rates holiday, and later this was extended to the end of July.
- 3.3. The new targeted scheme, was developed with independent analysis from the Ulster University Economic Policy Centre, and aims to intervene in relation to the sectors hardest hit by the pandemic who will pay no rates for the full financial year up until 31 March 2021.
- 3.4. The emergency rate relief afforded through these Regulations is aimed at effecting an immediate reduction in operating costs, providing essential help with cash flow for many businesses in Northern Ireland.

4. Consultation

- 4.1. These measures are implemented in line with independent analysis from the Ulster University Economic Policy Centre and as part of the Executive's emergency response to the COVID-19 pandemic.

5. Equality Impact

- 5.1. These Regulations will be applied as core feature of the taxation system in response to the need for sectoral rate relief arising from the COVID-19 pandemic.

6. Regulatory Impact

- 6.1. These Regulations will be applied as core feature of the taxation system, and the regulatory impact is negligible due to the automatic nature of the award mechanism.

7. Financial Implications

- 7.1. The new targeted scheme will come into operation as part of phase 2 of the Department of Finance's rate support measures arising from the COVID-19 pandemic which will provide in the region of £213 million additional rate relief to business ratepayers.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. As the Regulations are technical and unrelated to Community law, there are no section 24 implications.

9. EU Implications

- 9.1. These Regulations serve to build in a temporary time-limited reduction in the scope of the taxation system in accordance with the Northern Ireland Executive's response to the COVID-19 pandemic. The new measures bring Northern Ireland into line with the policy position already implemented in parts of GB, with work undertaken in line with other Devolved Administrations to ensure that Member State support is provided is compatible with EU obligations.

10. Parity or Replicatory Measure

- 10.1. A range of measures has been put in place in GB to reflect the circumstances facing both government and businesses as a result of the COVID-19 outbreak. Each administration has put in place measures in line with its budgetary capacity and policy requirements. The policy position in GB has been continually monitored in order to inform the policy position in Northern Ireland.
- 10.2. This Statutory Rule will bring the Executive's position more closely into line with the policy position across GB and is provided after the extensive general holiday provided by the Executive to businesses here.

11. Additional Information

- 11.1. Not applicable.