

SCHEDULE 2

Regulations 2 and 4

Calculations for designated areas

PART 1

Proportion of non-domestic rating income to be disregarded

1.—(1) Unless sub-paragraph (2) applies, the proportion of a billing authority's non-domestic rating income in respect of a designated area for a specified year is the difference between the authority's—

- (a) non-domestic rating income in respect of the designated area for that year, and
- (b) total baseline amount in respect of the designated area for that year.

(2) If the total baseline amount is greater than or equal to the non-domestic rating income, the proportion is zero.

PART 2

Calculation of non-domestic rating income

2.—(1) A 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 that 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 that 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 made to the authority in that 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 made by the authority in that 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 that 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;

F is the total of the amounts charged to the authority's collection fund income and expenditure account in that 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;

(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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G is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B made by the authority in that 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 made to the authority in that 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 made 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 are a reference to a revenue account to which, in accordance with proper practices, amounts are credited or charged 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 baseline amounts

Small business rate baseline: non-revaluation year

3.—(1) If a specified year is not a revaluation year, a billing authority's small business rate baseline amount in respect of a designated area for the specified year is the amount calculated under sub-paragraph (2) or (3).

(2) For the specified year beginning with 1st April 2024, a billing authority's small business rate baseline amount is calculated in accordance with the formula—

$$J \times \frac{K2}{K1}$$

(3) For a subsequent specified year that is not a revaluation year, the small business rate baseline amount is calculated in accordance with the formula—

$$L \times \frac{K2}{K1}$$

Small business rate baseline: revaluation year

4. If a specified year is a revaluation year, a billing authority's small business rate baseline amount in respect of a designated area for the specified year is the amount calculated in accordance with the formula—

$$L \times \frac{M2 \times K2}{M1 \times K1}$$

Standard business rate baseline: non-revaluation year

5.—(1) If a specified year is not a revaluation year, a billing authority's standard business rate baseline amount in respect of a designated area for the specified year is the amount calculated under sub-paragraph (2) or (3).

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(2) For the specified year beginning with 1st April 2024, a billing authority's standard business rate baseline amount is calculated in accordance with the formula—

$$N \times \frac{P2}{P1}$$

(3) For a subsequent specified year that is not a revaluation year, the standard business rate baseline amount is calculated in accordance with the formula—

$$Q \times \frac{P2}{P1}$$

Standard business rate baseline: revaluation year

6. If a specified year is a revaluation year, a billing authority's standard business rate baseline amount in respect of a designated area for the specified year is the amount calculated in accordance with the formula—

$$Q \times \frac{R2 \times P2}{R1 \times P1}$$

Total baseline

7. A billing authority's total baseline amount in respect of a designated area for the specified year is the sum of the small business rate baseline for the specified year and the standard business rate baseline for the specified year.

Interpretation of Part 3

8.—(1) In this Part—

J is the amount provided in column 4 of the table in Schedule 1 in relation to the designated area;

K1 is the small business non-domestic rating multiplier for the preceding year;

K2 is the small business non-domestic rating multiplier for the specified year;

L is the small business rate baseline amount in relation to the designated area calculated for the preceding year;

M1 is the aggregate rateable values shown in the 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—

(a) that fall within the designated area, and

(b) in respect of which "M" is "D" on 31st March in the preceding year pursuant to paragraph 10(9) of Schedule 4ZA to the 1988 Act (interpretation)(2);

M2 is the aggregate rateable values shown in the billing authority's local list for 1st April in the specified year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies—

(a) that fall within the designated area, and

(2) Schedule 4ZA was inserted into the Local Government Finance Act 1988 by section 1 of the Non-Domestic Rating Act 2023 (c. 53). For the meaning of "M", see paragraph 10(9) of Schedule 4ZA. For the meaning of "D", see paragraph 10(5) of Schedule 4ZA.

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- (b) in respect of which “M” is “D” on 1st April in the specified year pursuant to paragraph 10(9) of Schedule 4ZA to the 1988 Act;

N is the amount provided in column 5 of the table in Schedule 1 in relation to the designated area;

P1 is the non-domestic rating multiplier for the preceding year;

P2 is the non-domestic rating multiplier for the specified year;

Q is the standard business rate baseline amount in relation to the designated area calculated for the preceding year;

R1 is the aggregate rateable values shown in the 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—

- (a) that fall within the designated area, and
- (b) in respect of which “M” is “B” on 31st March in the preceding year pursuant to paragraph 10(9) of Schedule 4ZA to the 1988 Act⁽³⁾;

R2 is the aggregate rateable values shown in the billing authority’s local list for 1st April in the specified year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies, that—

- (a) fall within the designated area, and
- (b) in respect of which “M” is “B” on 1st April in the specified year pursuant to paragraph 10(9) of Schedule 4ZA to the 1988 Act.

(2) For the purposes of paragraphs 4 and 6 of this Schedule, the rateable value of a hereditament shown in the billing authority’s local list for 31st March in the preceding year is 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 specified year.

(3) For the meaning of “B”, see paragraph 10(3) of Schedule 4ZA.