

EXPLANATORY NOTE

(This note is not part of the Order)

This Order comes into force on 8 January 2018 but has effect from 1 April 2018, and it applies to Wales.

In accordance with section 43(4B) of the Local Government Act 1988 (“the 1988 Act”) the Order provides for a small business rates relief scheme for Wales (“the scheme”).

The Order provides that hereditaments meeting the conditions set out in articles 7 (rateable value conditions); 8 (child care conditions) or 9 (post office conditions) will receive relief under the scheme.

Part A of the Order contains general provisions including the definition of hereditaments which are excepted from receiving relief under the scheme.

Article 3 makes provision about the application of the Order. It provides that where a hereditament qualifies for relief because it meets the conditions in more than one of articles 7, 8 or 9, then the article which will provide the greatest amount of relief is to be applied to it.

Under the scheme, in accordance with article 12, where a ratepayer is liable for more than two hereditaments on a single local non-domestic rating list (“local list”), and those hereditaments meet only the rateable value conditions, the ratepayer will only receive relief for a maximum of two such hereditaments. In order to assist billing authorities to administer this restriction, article 4 requires relevant ratepayers to provide notice of such hereditaments to the appropriate billing authority.

Article 5 prescribes a maximum rateable value of £20,500 for hereditaments which are eligible for relief under the scheme.

Part B of the Order makes provision about the relief scheme, with articles 7 to 9 prescribing the conditions of eligibility.

Articles 10 to 12 prescribe the amount of E for the purposes of the formula within section 43(4A) (b) of the 1988 Act. That formula provides the mechanism for calculating the amount of non-domestic rates payable in respect of hereditaments qualifying for relief under the scheme.

In accordance with article 11 the rate of relief that hereditaments will receive is as set out in the illustrative table below—

| Type of condition | Rateable value (£) | Relief (%) |
|-------------------|--------------------|-----------------------|
| Rateable value | 0 to 6,000 | 100 |
| Rateable value | 6,001 to 12,000 | Tapered from 100 to 0 |
| Child care | 0 to 6,000 | 100 |
| Child care | 6,001 to 20,500 | Tapered from 100 to 0 |
| Post office | 0 to 9,000 | 100 |
| Post office | 9,001 to 12,000 | 50 |

In accordance with article 12 however, a ratepayer will only be able to receive relief for up to two hereditaments which meet only the rateable value conditions, and which appear on any single local list (referred to in the article as qualifying hereditaments). In accordance with article 12(1)(b), no

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

account is taken of any hereditaments a ratepayer is liable for, which satisfy the child care conditions or post office conditions.

In order to ensure that a ratepayer continues to receive the maximum relief possible under the scheme, even where the provisions of article 12 apply, article 12(2) provides that relief will be applied to the two relevant hereditaments with the highest “notional values”. The notional value of a hereditament is calculated in accordance with article 12(4) to (6). Article 12(3) prescribes that the amount of E for any further qualifying hereditaments will be 1 (which is equivalent to 0% relief).

Part C of the Order provides for the information that must be included in the notices to be given to billing authorities, the time within which such notices are to be served and the method of service.

The Welsh Ministers’ Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to this Order. As a result, a regulatory impact assessment has been prepared as to the likely costs and benefits of complying with this Order. A copy can be obtained from the Local Government Strategic Finance Division, Welsh Government, Cathays Park, Cardiff, CF10 3NQ.