
EXPLANATORY NOTE

(This note is not part of the Regulations)

Paragraph 2(1) of Schedule 6 to the Local Government Finance Act 1988 (“the 1988 Act”) provides that the rateable value of a non-domestic hereditament is taken to be an amount equal to the rent at which it is estimated the hereditament might reasonably be expected to be let from year to year (subject to specified assumptions). In those cases where there is no available information on the general rental market and profit and loss cannot be used as an indication of rental value, the rateable value of a non-domestic hereditament is instead ascertained by decapitalising the estimated total capital value of the hereditament (this is known as “the contractor’s basis of valuation”). The decapitalisation rates are prescribed by regulations made by the Welsh Ministers under paragraph 2(8) of Schedule 6 to the 1988 Act. These rates are prescribed in regulation 2 of the Non-Domestic Rating (Miscellaneous Provisions) (No. 2) Regulations 1989 (as amended) (“the 1989 Regulations”).

The Welsh Ministers in making these Regulations amend, with effect from 27 January 2020, the decapitalisation rates prescribed by regulation 2 of the 1989 Regulations for non-domestic rating lists compiled on or after 1 April 2021.

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