

*These notes refer to the Non-domestic Rates Valuations (Coronavirus) Act (Northern Ireland) 2022 (c.12) which received Royal Assent on 30 March 2022*

# Non-domestic Rates Valuations (Coronavirus) Act (Northern Ireland) 2022

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

1. These Explanatory Notes relate to the Non-domestic Rates Valuations (Coronavirus) Act (Northern Ireland) 2022 which received Royal Assent on 30th March 2022. They have been prepared by the Department of Finance in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by the Assembly.
2. The notes need to be read in conjunction with the Act. They are not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section does not seem to require any explanation or comment, none is given.

### **BACKGROUND AND POLICY OBJECTIVES**

3. A key feature of the non-domestic rating system is that valuations are based upon the net annual value of a hereditament (the property or part of the property which is liable for business rates). Net annual values (“NAV’s”) are set by Land & Property Services within the Department of Finance and then appear on periodic non-domestic valuation lists published by the Commissioner of Valuation for Northern Ireland.
4. Business rate bills are calculated on the basis of this valuation list. The values in the list, broadly speaking, represent annual rental values, and are updated as part of periodic general revaluations. The most recent general revaluation for non-domestic property took effect on 1 April 2020. The next revaluation is planned for 1 April 2023 with a valuation date (or antecedent valuation date) of 1 October 2021.
5. The Health Protection (Coronavirus, Restrictions) Regulations (Northern Ireland) 2020 came into effect at 11pm on Saturday 28 March 2020, three days ahead of the publication of the new valuation list, specifying businesses that were either required to close or restricted in their operation. The Health legislation made provision for the purpose of enabling a number of public health measures to be taken to reduce the public health risks posed by the spread of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) in Northern Ireland which causes the disease COVID-19 (“coronavirus”).

6. Despite the necessity of the Health restrictions imposed by the Executive, the intervention of such restrictions just prior to the publication of a new valuation list means that new primary legislation is now required to mitigate the potential or significant associated loss to the overall net annual value of the non-domestic valuation list within the rating system.
7. This Act aims to mitigate the risk of potential challenges to aspects of valuations within a new non-domestic valuation list, brought on grounds of the public health measures implemented by the Executive, resulting from the operation of Article 39A of the Rates (Northern Ireland) Order 1977, and is intended to ensure that the adjustment operates in the context of both future non-domestic valuation lists and any pandemic that may occur in future.
8. The UK Government, alongside the devolved administrations in Scotland and Wales, has also announced and commenced legislative intervention so as to prevent challenges to net annual values being brought forward on grounds of Covid-19 health restrictions. This Act brings forward similar provision tailored to a local statutory context so as to address any potential loss of value in valuation lists and to adjust the rating system to prevent this situation arising again.
9. The UK Government also announced a supplementary £1.5 billion rate relief package to be implemented on a UK-wide basis. Access to that funding was contingent upon the successful passage of primary legislation at Westminster. It is the Department of Finance's intention to ring-fence any associated Barnett consequential funding, upon successful passage of legislation, to ensure it is allocated to business ratepayers in the 2022/23 financial year.

## **OVERVIEW**

10. This Act aims to mitigate the risk of potential challenges to aspects of valuations within a new non-domestic valuation list, brought on grounds of the public health measures implemented by the Executive, resulting from the operation of Article 39A of the Rates (Northern Ireland) Order 1977.

## **COMMENTARY ON SECTIONS**

Section 1: Non-Domestic Rates Valuations: Effects of Coronavirus to be Disregarded

Section 1 of the Act provides that matters attributable to coronavirus should not be taken into account in the net annual value of a hereditament in a non-domestic rating list.

Section 1(1) makes retrospective provision for "the matters" affecting the net annual values as referred to in Article 39A(1A) of the Rates (Northern Ireland) Order 1977 to be treated as not including, and as never having included, any matter directly or indirectly attributable to coronavirus.

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Section 1(2) gives examples of what is to be included within matters directly or indirectly attributable to coronavirus.

Section 1(3) provides for an enabling power to allow the Department of Finance to make consequential retrospective changes to the section in the event of future any pandemic not arising from the current coronavirus.

Section 1(4) makes the use of the enabling power in section 1(3) subject to the draft affirmative control in the Northern Ireland Assembly.

Section 1(5) provides for the definition of the terms, “coronavirus”, “net annual value”, “the Rates Order” and “statutory provision” within the Act.

#### Section 2: Commencement and Short Title

Section 2 makes provision for the commencement of the Act and sets out the title of the Non-domestic Rates Valuations (Coronavirus) Act (Northern Ireland) 2022.

### **HANSARD REPORTS**

11. The following table sets out the dates of the Hansard reports for each stage of the Act’s passage through the Northern Ireland Assembly

<i>STAGE</i>	<i>DATE</i>
First Stage	15 November 2021
Second Stage	23 November 2021
Committee Stage Report	5 January 2022
Consideration Stage	24 January 2022
Further Consideration Stage	1 February 2022
Final Stage	7 February 2022
Royal Assent	30 March 2022