

EXPLANATORY MEMORANDUM TO

The Rates (Microgeneration) Order (Northern Ireland) 2012

S.R. 2012 No. 47

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 39(2) and (3) of, and paragraph 4 of Part III of Schedule 12 to, the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28) (“the 1977 Order”) and is subject to the affirmative resolution procedure.

2. Purpose

- 2.1. Paragraph 3 of Part III of Schedule 12 to the 1977 Order lists the classes of plant and machinery which are deemed to be part of a hereditament for the purposes of valuation for rating. This Order amends paragraph 3 of Part III of Schedule 12 in respect of the various listed classes of plant and machinery to provide that to the extent that the plant or machinery has microgeneration capacity (as defined in the Order) that capacity is not taken into account in a valuation for rating purposes.
- 2.2. Article 1 contains the citation and commencement provisions.
- 2.3. Article 2 inserts a definition of “microgeneration capacity” in Article 2(2) of the 1977 Order and amends paragraph 3 of Part III of Schedule 12 to that Order as outlined in paragraph 2.1 above.

3. Background

- 3.1. In the budget in March 2008, the then Chancellor announced a range of measures to promote sustainable growth. Included in the measures announced for England was one relating to occupiers of commercial premises who install carbon saving microgeneration equipment such as solar panels, wind turbines and ground source heat pumps. The installation of such equipment in business premises can trigger an increased liability for business rates.
- 3.2. In Great Britain legislation was subsequently implemented to allow this increased liability to be disregarded in rateable values. This Statutory Rule implements similar changes within the Northern Ireland rating system.

4. Consultation

- 4.1. A targeted consultation exercise with key stakeholders, including the Northern Ireland Local Government Association, was carried out in respect of the implication of the Rule.

5. Equality Impact

- 5.1. There are no equality impact implications associated with this Statutory Rule.

6. Regulatory Impact

- 6.1. The proposals result in negligible costs to business and as a result no Regulatory Impact Assessment was deemed necessary.

7. Financial Implications

- 7.1. This measure is intended to achieve parity with the legislative position in Great Britain rather than deliver additional financial support. The overall amount of rates income foregone as a result of this measure is considered to be negligible as a microgeneration plant adds very little, if any, to the rateable value of a property.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. It is the view of the Department that these Regulations are compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

- 9.1. As a microgeneration plant adds very little, if any, to the rateable value of a property the measure is regarded as de minimis and, therefore, will have no EU implications.

10. Parity or Replicatory Measure

- 10.1. From October 2008 businesses in England were no longer liable for any potential increase in rateable value attributed to such equipment and plant as a result of the Valuation for Rating (Plant and Machinery) (England) (Amendment) Regulations 2008 (S.I. 2008/2332).
- 10.2. Scotland introduced similar legislation in November 2008; the Valuation for Rating (Plant and Machinery) (Scotland) Amendment Regulations 2008 (S.S.I. 2008/360), which included the definition of microgeneration capacity and the amendments that were needed in the Classes to their original Regulations. These classes mirror those contained within the 1977 Order.

11. Additional Information

- 11.1. Not applicable