

EXPLANATORY MEMORANDUM TO

Rates (Small Business Hereditament Relief) (Amendment) Regulations (Northern Ireland) 2014

S.R. 2014 No. 68

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 31C of the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28)) ("the 1977 Order") and is subject to the negative resolution procedure.

2. Purpose

- 2.1. These Regulations amend the Rates (Small Business Hereditament Relief) Regulations (Northern Ireland) 2010 ("the 2010 Regulations").
- 2.2. Regulation 1 contains the citation and commencement provisions.
- 2.3. Regulation 2 amends the 2010 Regulations by providing a 20 per cent. reduction in rates for a hereditament consisting wholly or partly of a post office with a net annual value exceeding £12,000 but not exceeding £15,000.

3. Background

- 3.1. Provision was made in the Rates (Amendment) Act (Northern Ireland) 2009 enabling a small business rate relief scheme to be introduced on 1st April 2010.
- 3.2. Following a 2011 Commercial Rating Consultation, the scheme was expanded to provide a 20% reduction in the rates for small business hereditaments with a NAV of between £5,001 and £10,000. It was also decided to exclude ratepayers with multiple properties from the scheme. The increase in NAV threshold was partly funded by the introduction of a large retail levy.
- 3.3. The Minister also announced that he would review the scheme at the earliest opportunity to ensure that the relief was being targeted at those businesses most in need.
- 3.4. An in-year review of the scheme was announced on 16 July 2012 inviting comment on improvement of the current scheme and the recycling of any savings that could be secured through better targeting with a view to increasing the upper NAV threshold for entitlement. Following the review it was decided that no small business hereditament relief would be awarded where a ratepayer receives sport and recreation relief, industrial relief or freight transport relief in respect of the hereditament.
- 3.5. Subsequently the Executive also announced a £200m Jobs and Economy Initiative to include further funding for the Small Business Rate Relief Scheme.
- 3.6. As a result of this funding and the savings made through the exclusion of ratepayers receiving double relief, it was decided to increase the NAV threshold of the standard

relief scheme to £15,000 from 2013. Hereditaments used wholly or partly as a post office were, however, inadvertently omitted from this extended relief. Such hereditaments have received this relief on an administrative basis during the 2013/14 rating year but these Regulations will provide for it on a statutory basis.

4. Consultation

4.1. No further consultation is required in respect of the Rule as it corrects an anomaly within the existing legislation.

5. Equality Impact

5.1. No further equality impact assessment is required in respect of the Rule which corrects an anomaly within the existing legislation.

6. Regulatory Impact

6.1. No further regulatory impact assessment is required in respect of the Rule which corrects an anomaly within the existing legislation.

7. Financial Implications

7.1. Extending the scheme to post offices with an NAV of up to £15,000 will result in revenue forgone of approximately £50,000. However this was fully covered in the original estimates provided to the Executive for enhancing the scheme under the Jobs and Economy Initiative and therefore this legal correction will not breach the budgeted cost.

7.2. There is also expected to be a small cost associated with a software update required by Land and Property Services.

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. There are no new EU implications in respect of the Rule which corrects an anomaly within the existing legislation.

10. Parity or Replicatory Measure

10.1. Similar rate relief schemes exist in the rest of the UK.

10.2. The Northern Ireland scheme follows the structure of the original Welsh scheme introduced in April 2007, with one level of relief for certain qualifying hereditaments and enhanced relief for post offices.

11. Additional Information

11.1. Not applicable.