

EXPLANATORY MEMORANDUM TO

Rates (Small Business Hereditament Relief) (Amendment) Regulations (Northern Ireland) 2015

SR 2015 No. 123

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel ("the Department") 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) so as to provide rate relief in respect of eligible small business hereditaments to 31st March 2016.
- 2.2. Regulation 1 contains the citation and commencement provisions.
- 2.3. Regulation 2 amends the definition of "qualifying year" in the 2010 Regulations. This will now be defined as a financial year ending before the 1st April 2016.

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. The scheme is due to expire on 31st March 2015.
- 3.2. An independent evaluation of the scheme undertaken by the Northern Ireland Centre for Economic Policy (NICEP) last year recommended that the scheme should be retained for a further year.
- 3.3. The Minister announced his intention to extend the scheme in his statement to the Assembly on Monday 3rd November on the Executive Budget.

4. Consultation

- 4.1. A public consultation process was undertaken by NICEP on behalf of the Department. The Consultation opened on 10 April 2014 and closed on 1 July 2014.

5. Equality Impact

- 5.1. This is a locally based scheme and the Department considers that there should be no disproportionate impact on any of the Section 75 subgroups.

6. Regulatory Impact

- 6.1. Due to the automated nature of the scheme the amendment made by this rule will add no additional cost to businesses in receipt of the relief.

7. Financial Implications

- 7.1. The agreed 2015-16 Budget allows for a figure of £20 million as the forecasted revenue foregone in association with the scheme.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. The Department of Finance and Personnel considers the Regulations to be compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

- 9.1. The 2010 Regulations provide that the reductions under the scheme apply only to the extent that they do not contravene the State aid rules of the European Union. The relief is being granted as de minimis aid in line with Commission Regulation (EC) No.1998/2006 on application of Articles 87 and 88 of the Treaty to de minimis aid.
- 9.2. There is currently a ceiling of €200,000 on the total de minimis aid that can be granted to any one business undertaking in the UK from all public sources over a rolling 3 year period.
- 9.3. The removal of ratepayers with multiple premises in 2012/13 has reduced the likelihood of any breaches.

10. Parity or Replicatory Measure

- 10.1. Similar rate relief schemes exist in the rest of the UK.
- 10.2. The Northern Ireland scheme broadly follows the structure of the original Welsh scheme introduced in April 2007, with one level of relief for most categories of non domestic properties and enhanced relief for post offices.

11. Additional Information

- 11.1. Not applicable.