

EXPLANATORY MEMORANDUM TO

The New NAV List (Time of Valuation) Order (Northern Ireland) 2018

SR 2018 No. 68

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 39A(1) 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. This Order specifies 1 April 2018 as the time by reference to which net annual values (NAVs) are to be ascertained for the new rating valuation list coming into force on 1 April 2020.

3. Background

- 3.1. The Department announced in November 2017 that preparatory work had begun on a general revaluation of hereditaments listed in the net annual value (NAV) list (non-domestic properties).
- 3.2. Hereditaments listed in the capital value list (domestic properties) are not being revalued at this time.
- 3.3. The occupiers of non-domestic properties pay non-domestic rates and individual rate bills are based on the NAVs of each non-domestic property.
- 3.4. A new NAV list containing these values is being prepared and the Commissioner of Valuation for Northern Ireland plans to publish it by the end of 2019, with it taking effect in April 2020. From that date non-domestic ratepayers will be charged rates on the new list. In preparing a new list, the individual NAV of a property has to be ascertained on a consistent basis by reference to a common date known as the antecedent valuation date (AVD).
- 3.5. Due to the time needed to revalue all the non-domestic property in Northern Ireland the AVD has to be set well in advance of the date on which the new NAV list will come into force. Consequently this Order specifies the AVD as 1 April 2018. It is established practice in Northern Ireland and the rest of the UK to fix the valuation date two years before the date on which a new NAV list comes into force. This will

provide Land & Property Services with a legislative basis for gathering the necessary evidence, which involves seeking market rental information from ratepayers, a process which needs to begin from April 2018.

4. Consultation

4.1. Consultation is considered unnecessary in respect of this specific Statutory Rule which is required as a pre-requisite to a revaluation exercise.

4.2. More regular non-domestic revaluations was a clear consultation outcome from the Department's 2016 Review of the Non-Domestic Rating system. It attracted cross-party support during the previous Assembly mandate and broad support from the business community, being viewed as an essential element in ensuring a fairer and more equitable rating system, and to help avoid extreme changes in liability (such as those experienced after the long awaited revaluation in 2015).

5. Equality Impact

5.1. There are no equality impact implications as the rule is a technical outworking of the rating system.

6. Regulatory Impact

6.1. A regulatory impact assessment has not been prepared for this Order as the setting of the valuation date does not directly impose any costs on business, charities or voluntary bodies.

7. Financial Implications

7.1. There are no financial implications associated with this particular Statutory Rule.

8. Section 24 of the Northern Ireland Act 1998

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

9. EU Implications

9.1. There are no EU implications associated with this Order.

10. Parity or Replicatory Measure

10.1. Although Northern Ireland does not align with the timing of non-domestic revaluations in GB, long established practice throughout the UK is to set a valuation date 2 years prior to the new list coming into effect.

11. Additional Information

11.1. Not applicable.