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DRAFT STATUTORY INSTRUMENTS

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**2004 No.**

**The Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004**

**PART 2**

**Chargeable Amounts**

**Notional chargeable amount**

5.—(1) Subject to paragraphs (3) to (5), the notional chargeable amount for a defined hereditament for a relevant year shall be the amount found by applying the formula—

$$A \times D,$$

(2) For the purposes of this regulation—

A is—

- (a) in the case of a hereditament shown in a local list, the rateable value shown for the hereditament for 1st April 2005 in the list; and
- (b) in the case of a hereditament shown in the central list, the rateable value shown for the hereditament for 1st April 2005 in the list or the value certified by the appropriate valuation officer to be the rateable value which would have been shown in the central list for the hereditament for 1st April 2005 if that had been the only hereditament of the designated person shown in that list for that date; and

D is the small business non-domestic rating multiplier for the relevant year.

(3) Where regulation 13 (change in rateable value on 1st April 2005) applies, references in this regulation to rateable value shall have effect subject to the modifications made in paragraph (2) of that regulation.

(4) For a hereditament to which Schedule 1 (altered hereditaments) applies, paragraph 4 of that Schedule shall have effect for finding the notional chargeable amount.

(5) For a hereditament to which Schedule 2 (splits and mergers) applies, paragraph 7 of that Schedule shall have effect for finding the notional chargeable amount.

**Base liability for 2005–06 for a hereditament subject to previous transitional provisions**

6.—(1) Subject to paragraph (3), this regulation applies to a defined hereditament for the relevant year beginning in 2005 if the chargeable amount for the hereditament for 31st March 2005 was determined under the 1999 Regulations.

(2) Where this regulation applies the base liability shall be found by applying the formula—

$$CA \times 365.$$

(3) Where, as respects a hereditament, CA is zero, the base liability for the hereditament for the relevant year shall be found by applying the formula—

$Y \times Z$ .

(4) For the purposes of this regulation—

CA is the amount which would have been the chargeable amount for the hereditament for 31st March 2005 calculated in accordance with the 1999 Regulations on the assumption that—

- (a) the multiplier for any special authority were the same as the national non-domestic rating multiplier;
- (b) the whole of the hereditament were occupied;
- (c) the conditions in sections 43(4B) (small business rate relief), 43(6) (charities or registered community amateur sports clubs), 43(6B) (rural rate relief), 43(6F) (former agricultural premises) and 47(1) (discretionary relief) of the Act are not fulfilled for it for 31st March 2005; and
- (d) section 49(1) (reduction or remission of liability) of the Act did not apply to it for 31st March 2005;

Y is—

- (i) in the case of a hereditament shown in a local list for 31st March 2005, the rateable value shown for the hereditament for that date in the local list, and
- (ii) in the case of a hereditament shown in the central list for 31st March 2005, the rateable value shown for the hereditament for 31st March 2005 in the list or the value certified by the appropriate valuation officer to be the rateable value which would have been shown in that list for the hereditament for 31st March 2005 if that had been the only hereditament of the designated person shown in that list for that date; and

Z is the non-domestic rating multiplier for the financial year beginning in 2004.

#### **Base liability for 2005–06 for a hereditament outside previous transitional provisions**

7.—(1) Subject to paragraph (3), this regulation applies to a defined hereditament if the chargeable amount for the hereditament for 31st March 2005 was not determined under the 1999 Regulations.

(2) Where this regulation applies, the base liability for the hereditament for the relevant year shall be found by applying the formula—

$Y \times Z$ ,

where—

Y is—

- (a) in the case of a hereditament shown in a local list for 31st March 2005, the rateable value shown for the hereditament for that date in the local list, and
- (b) in the case of a hereditament shown in the central list for 31st March 2005, the rateable value shown for the hereditament for 31st March 2005 in the list or the value certified by the appropriate valuation officer to be the rateable value which would have been shown in the central list for the hereditament for 31st March 2005 if that had been the only hereditament of the designated person shown in that list for that date; and

Z is the non-domestic rating multiplier for the financial year beginning in 2004.

(3) For a hereditament to which Schedule 1 (altered hereditaments) applies, paragraph 3 of that Schedule shall have effect for finding the base liability.

### **Base liability for years subsequent to 2005–06**

8.—(1) Subject to paragraph (2), the base liability for a defined hereditament for a relevant year (the year concerned) beginning after the first relevant year of the relevant period shall be found by applying the formula—

$$BL \times AF.$$

where—

BL is the base liability for the hereditament for the relevant year immediately preceding the year concerned, and

AF is the appropriate fraction for the hereditament for the relevant year immediately preceding the year concerned.

(2) For a hereditament to which Schedule 2 (splits and mergers) applies, paragraphs 8 and 9 of that Schedule shall apply for finding the base liability.

### **Appropriate fraction**

9.—(1) Subject to paragraph (5), the appropriate fraction for a defined hereditament for a relevant year shall be found by applying the formula—

$$X \times Q$$

$$100.$$

(2) For the purposes of this regulation—

(a) where the notional chargeable amount for the hereditament for the relevant year exceeds the base liability for the hereditament for the year and—

(i) the hereditament is situated in Greater London and the rateable value shown for it in the local list for 1st April 2005 is £21,500 or more;

(ii) the hereditament is situated outside Greater London and the rateable value shown for it in the local list for 1st April 2005 is £15,000 or more; or

(iii) the hereditament is shown in the central list,

then—

(aa) for the relevant year beginning on 1st April 2005, X is 112.5;

(bb) for the relevant year beginning on 1st April 2006, X is 117.5;

(cc) for the relevant years beginning on 1st April 2007, X is 120; and

(dd) for the relevant years beginning on 1st April 2008, X is 125.

(b) where the notional chargeable amount for the hereditament for the relevant year exceeds the base liability for the hereditament for the year and—

(i) the hereditament is situated in Greater London and the rateable value shown for it in the local list for 1st April 2005 is less than £21,500; or

(ii) the hereditament is situated outside Greater London and the rateable value shown for it in the local list for 1st April 2005 is less than £15,000,

then—

(aa) for the relevant year beginning on 1st April 2005, X is 105;

(bb) for the relevant year beginning on 1st April 2006, X is 107.5;

(cc) for the relevant years beginning on 1st April 2007, X is 110; and

(dd) for the relevant years beginning on 1st April 2008, X is 115.

- (3) For the purposes of this regulation—
- (a) where the notional chargeable amount for the hereditament for the relevant year does not exceed the base liability for the hereditament for the year, and
- (i) the hereditament is situated in Greater London and the rateable value shown for it in the local list for 1st April 2005 is £21,500 or more;
- (ii) the hereditament is situated outside Greater London and the rateable value shown for it in the local list for 1st April 2005 is £15,000 or more; or
- (iii) the hereditament is shown in the central list,
- then—
- (aa) for the relevant year beginning on 1st April 2005, X is 87.5;
- (bb) for the relevant year beginning on 1st April 2006, X is 87.5;
- (cc) for the relevant years beginning on 1st April 2007, X is 86; and
- (dd) for the relevant years beginning on 1st April 2008, X is 75.
- (b) where the notional chargeable amount for the hereditament does not exceed the base liability for the year and—
- (i) the hereditament is situated in Greater London and the rateable value shown for it in the local list for 1st April 2000 is less than £21,500, or
- (ii) the hereditament is situated outside Greater London and the rateable value shown for it in the local list for 1st April 2000 is less than £15,000,
- then—
- (aa) for the relevant year beginning on 1st April 2005, X is 70;
- (bb) for the relevant year beginning on 1st April 2006, X is 70;
- (cc) for the relevant years beginning on 1st April 2007, X is 65; and
- (dd) for the relevant years beginning on 1st April 2008, X is 40.
- (4) For the purposes of this regulation—
- (a) for the relevant year beginning on 1st April 2005, Q is 1.031;
- (b) for subsequent relevant years in the relevant period, Q is the amount found by applying the formula—
- $$\frac{D(1)}{D(2)}$$
- where—
- (i) D(1) is the small business non-domestic rating multiplier for the relevant year concerned;
- (ii) D(2) is the small business non-domestic rating multiplier for the financial year which precedes the relevant year concerned;
- (c) Q shall, if not a whole number, be calculated to three decimal places only—
- (i) adding one thousandth where (apart from this sub-paragraph) there would be more than five ten-thousandths; and
- (ii) ignoring the ten-thousandths where (apart from this sub-paragraph) there would be five, or less than five, ten-thousandths.
- (5) For a hereditament to which one or more of the following provisions apply—
- (a) regulation 13 (change in rateable value on 1st April 2005),

(b) paragraph 6 of Schedule 1 (altered hereditament), and  
(c) paragraph 10 of Schedule 2 (rateable value: split or merger after 1st April 2005),  
this regulation shall have effect subject to the modifications made by the provision concerned.

### **Application of regulation 11**

**10.**—(1) Subject to paragraph (3), Regulation 11 applies to a defined hereditament to which this Part applies for a relevant day (the day concerned) if—

- (a) as regards the hereditament the day concerned is a chargeable day for which a chargeable amount would, but for these Regulations, fall to be determined under section 43, 45 or 54 of the Act; and
- (b) NCA is—
  - (i) greater than BL and greater than  $(BL \times AF)$ ; or
  - (ii) less than BL and less than  $(BL \times AF)$ .

(2) For the purposes of paragraph (1)—

- (a) NCA is the notional chargeable amount for the hereditament for the relevant year within which the day concerned falls,
- (b) BL is the base liability for the hereditament for the relevant year within which the day concerned falls,
- (c) AF is the appropriate fraction for the hereditament for the relevant year within which the day concerned falls.

(3) Where paragraph 4 of Schedule 1 (altered hereditaments) applies, this regulation shall have effect subject to the modification made by that paragraph.

(4) Regulation 11 shall not apply where Schedule 2 (splits and mergers) applies to a hereditament, in the year in which the creation day falls.

(5) Regulation 11 shall not apply to a defined hereditament for the day concerned if—

- (a) as respects a relevant day falling before the day concerned, the value of X for the purposes of determining the appropriate fraction fell to be determined (or if determined again following an alteration of the local or central list in accordance with regulations made under the Act, fell after that alteration to be determined) in accordance with regulation 9(2) (a) or (b), and
- (b) as respects the day concerned, the value of X for the purposes of determining the appropriate fraction falls to be determined (or if determined again following an alteration of the local or central list in accordance with regulations made under the Act, falls after that alteration to be determined) in accordance with regulation 9(3)(a) or (b);

or if—

- (i) as respects a relevant day falling before the day concerned, the value of X for the purposes of determining the appropriate fraction fell to be determined (or if determined again following an alteration of the local or central list in accordance with regulations made under the Act, fell after that alteration to be determined) in accordance with regulation 9(3)(a) or (b), and
- (ii) as respects the day concerned, the value of X for the purposes of determining the appropriate fraction falls to be determined (or if determined again following an alteration of the local or central list in accordance with regulations made under the Act, falls after that alteration to be determined) in accordance with regulation 9(2)(a) or (b).

## Rules for determining chargeable amount

11.—(1) Where this regulation applies to a hereditament shown in a local list, the chargeable amount for a chargeable day which is a relevant day shall be found in accordance with paragraphs (3) to (11) in place of the provisions of sections 43(4) to (6A)(1), 44 and 45(4) to (6) of the Act.

(2) Where this regulation applies to a hereditament shown in the central list, the chargeable amount as respects the designated person for the description of hereditaments of which it forms the whole or part for a chargeable day which is a relevant day shall be found in accordance with paragraph (12) in place of the provisions of section 54(4) to (7) of the Act.

(3) Subject to paragraphs (4), (6), (8) and (10), the chargeable amount for the chargeable day shall be calculated by applying the formula—

$$\frac{(BL \times AF)}{C} + U$$

(4) Where paragraph (5) applies, the chargeable amount for a chargeable day shall be found by dividing the amount calculated in accordance with paragraph (3) by 5.

(5) This paragraph applies where, on the day concerned, the conditions in section 43(6) of the Act (charities and registered community amateur sports clubs) are fulfilled as respects the hereditament.

(6) Where paragraph (7) applies, the chargeable amount for a chargeable day shall be found by—

- (a) subtracting U from the amount calculated in accordance with paragraph (3); and
- (b) dividing the result of the calculation performed under sub-paragraph (a) by E.

(7) This paragraph applies where, on the day concerned, the conditions in section 43(4B) of the Act (small business rate relief) are fulfilled as respects the hereditament.

(8) Where paragraph (9) applies, the chargeable amount for a chargeable day shall be found by dividing the amount calculated in accordance with paragraph (3) by 2.

(9) This paragraph applies where, on the day concerned, the conditions in section 43(6B) or (6F) of the Act (general stores etc in rural settlements or former agricultural premises) are fulfilled as respects the hereditament.

(10) Where paragraph (11) applies, the chargeable amount for a chargeable day shall be found by dividing the amount calculated in accordance with paragraph (3) by 2, or, in a case where the conditions in section 45(6) of the Act (unoccupied hereditaments of charities or registered community amateur sports clubs) are fulfilled as respects the hereditament, by dividing it by 10.

(11) This paragraph applies where, on the day concerned, the conditions in section 45(1) of the Act (unoccupied property) are fulfilled as respects the hereditament.

(12) The chargeable amount for a chargeable day shall be calculated by applying the formula—

$$\frac{(A \times B)}{C} - H$$

(13) For the purposes of this Regulation—

A is the amount certified by the appropriate valuation officer to be the portion of the rateable value shown for the day in the central list against the name of the designated person which is not attributable to hereditaments to which this regulation applies;

B is the non-domestic rating multiplier for the relevant year in which the day falls;

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(1) Section 43(6A) was inserted by section 1 of, and paragraph 2 of Schedule 1 to, the Local Government and Rating Act 1997 (c. 29).

BL and AF have the meanings given by regulation 10(2);

C is the number of days in the relevant year;

D is the small business non-domestic rating multiplier for the relevant year in which the day falls;

E is the amount prescribed under section 44(9) of the Act for the relevant year in which the relevant day falls;

H is the aggregate for the day of the amounts found by applying the formula—

$$\frac{(BL \times AF)}{C} \quad L$$

to each hereditament to which this regulation applies shown for the day in the central list against the name of the designated person;

N is the rateable value shown for the hereditament in the local or central list for the day; and

U is the amount found by applying the formula—

$$\frac{((B - D) \times N)}{C}$$

(14) For a hereditament to which one or more of the following provisions apply—

- (a) regulation 12 (change in rateable value after 1st April 2005);
- (b) regulation 13 (change in rateable value on 1st April 2005);
- (c) regulation 14 (partly-occupied hereditaments),

regulation shall have effect subject to the modifications made in the provision or provisions concerned.

### **Change in rateable value after 1st April 2005**

**12.**—(1) Paragraph (2) applies in respect of a defined hereditament in a case where regulation 11 applies and for a day after 1st April 2005 the rateable value shown in the local list for the hereditament is greater than that shown for it for 1st April 2005.

(2) Where this paragraph applies, regulation 11 shall have effect as regards the hereditament for the day as if the reference in that regulation to the formula—

$$\frac{(BL \times AF)}{C} - U$$

were a reference to—

$$\frac{(BL \times AF) - ((N - J) \times D)}{C} + U$$

(3) Paragraph (4) applies in respect of a defined hereditament in a case where regulation 11 applies and for a day after 1st April 2005 the rateable value shown in the local list for the hereditament is less than that shown for 1st April 2005.

(4) Where this paragraph applies, regulation 11 shall have effect as regards the hereditament for the day as if the reference in that regulation to the formula—

$$\frac{(BL \times AF)}{C} + U$$

were a reference to—

$$\frac{(BL \times AF \times N)}{(C \times J)} + U$$

- (5) For the purposes of the provisions substituted by paragraphs (2) and (4)—
  - C is the number of days in the relevant year in which the relevant day falls;
  - D is the small business non-domestic rating multiplier for the relevant year in which the relevant day falls;
  - J is the rateable value shown for the hereditament in the local list for 1st April 2005;
  - N is the rateable value shown for the hereditament in the local list for the day;
  - U has the meaning given by regulation 11; and
  - BL and AF have the meanings given by regulation 10(2).

(6) Paragraph (7) applies in respect of a defined hereditament in a case where regulation 11 applies and for a chargeable day after 1st April 2005—

- (a) the rateable value shown in the central list for the hereditament is different from that shown on 1st April 2005; or
- (b) the appropriate valuation officer certifies that the value attributable to a defined hereditament of a designated person shown in the central list is different from the value attributable to the hereditament for 1st April 2005.

(7) Where this paragraph applies, regulation 11 shall have effect as regards the defined hereditament for the chargeable day as if the reference to the formula—

$$\frac{(A \times B)}{C} - II$$

were a reference to—

$$\frac{(A \times B)}{C} + II + I + K$$

- (8) For the purposes of this paragraph and paragraph (7)—
  - A, B, C and D have the meaning given by regulation 11;
  - H is the aggregate for the chargeable day of the amounts found by applying the formula—

$$\frac{(BL \times AF)}{C} + U$$

to each hereditament for which a value is included in the rateable value shown for the day in the central list against the name of the designated person to which regulation 11 applies but to which paragraph (7) does not apply;

I is the aggregate for the chargeable day of the amounts found by applying the formula—



$$\frac{(BL \times AF) + (N - J) \times D}{C} - U$$

to each hereditament for which a value is included in the rateable value shown for the day in the central list against the name of the designated person to which paragraph (7) applies and for which the value attributable for the day is greater than the value attributable for 1st April 2005;

J is the value certified by the appropriate valuation officer to be the value attributable to the hereditament for 1st April 2005;

K is the aggregate for the chargeable day of the amounts found by applying the formula—

$$\frac{(BL \times AF \times N)}{(C \times J)} + U$$

to each hereditament for which a value is included in the rateable value shown for the day in the central list against the name of the designated person to which paragraph (7) applies and for which the value attributable for the day is less than the value attributable for 1st April 2005;

N is the value certified by the appropriate valuation officer to be the value attributable to the hereditament for the chargeable day;

U has the meaning given by regulation 11; and

BL and AF have the meaning given by regulation 10(2).

(9) For the purposes of paragraphs (7) and (8), in relation to a defined hereditament the value attributable for a day is to be taken to be the rateable value which would have been shown for the hereditament in the central list for the day if the hereditament had been the only hereditament of the designated person shown in that list for that day.

(10) A certification of value by the appropriate valuation officer in respect of a defined hereditament for a day shall be treated as applicable for each day in the period commencing on that day and ending on the day immediately preceding any further certification under this regulation in respect of that hereditament.

(11) For a hereditament to which one or more of the following provisions apply—

- (a) regulation 13 (change in rateable value on 1st April 2005);
- (b) paragraph 6 of Schedule 1 (altered hereditament);
- (c) paragraph 10 of Schedule 2 (rateable value: split or merger after 1st April 2005),

this regulation shall have effect subject to the modification made by the provision concerned.

### **Change in rateable value on 1st April 2005**

**13.—**(1) This regulation applies where any circumstances regarding a relevant factor taken into account in determining the rateable value shown for a defined hereditament for 1st April 2005 in the local list differ from the circumstances regarding that factor existing on 31st March 2005, so that the rateable value shown for 1st April 2005 is different from that which would have been shown if the circumstances regarding that factor existing on 31st March 2005 continued to exist on 1st April 2005.

(2) Where this regulation applies, the references in regulations 5 (notional chargeable amount) and 9 (appropriate fraction) to a rateable value shown for 1st April 2005 shall be treated as references to the value certified by the appropriate valuation officer to be the rateable value which would have been shown for that day if that value had fallen to be determined as regards that factor by reference to the circumstances existing on 31st March 2005.

(3) Where this regulation and regulation 11 apply, regulation 12 (change in rateable value after 1st April 2005) shall have effect as if—

- (a) the reference in regulations 12(1), (3) and (5) to a rateable value shown for 1st April 2005 were references to the value certified by the appropriate valuation officer to be the rateable value which would have been shown for that day if that value had fallen to be determined as regards that factor by reference to the circumstances existing on 31st March 2005, and
- (b) the references in regulations 12(1) and (3) to the rateable value for a day after 1st April 2005 were treated as including a reference to the rateable value actually shown for 1st April 2005.

### **Partly-occupied hereditaments**

**14.—**(1) As regards a relevant day and a defined hereditament in relation to which an apportionment under section 44A(2) of the Act (partly-occupied hereditaments) is applicable, any chargeable amount for the day as respects the hereditament found in accordance with regulation 11 or Schedule 2 (as modified by any provision of these Regulations) shall be treated as multiplied by A and divided by P.

(2) In paragraph (1)—

A is the amount found under section 44(2) of the Act, as substituted by section 44A(7) or (9) (as the case may be) for the relevant day as respects the hereditament, and

P is the rateable value shown for the hereditament under section 42(4) of the Act.

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(2) Section 44A was inserted by section 139 of and paragraph 22 and 79 of Schedule 5 to the Local Government and Housing Act 1989 (c. 42).