

SCHEDULE 2

Part 2

SPLITS AND MERGERS

Case where this Schedule applies

1. This Schedule applies—

(a) where—

(i) on a day (“the creation day”) on or after 1st April 2005 a hereditament (“new hereditament”) comes into existence by virtue of—

(aa) property previously rated as a single hereditament becoming liable to be rated in parts;

(bb) property previously rated in parts becoming liable to be rated as a single hereditament; or

(cc) a hereditament or any part of a hereditament becoming part of a different hereditament;

(ii) immediately before the creation day a hereditament from which the new hereditament was formed in whole or in part (“old hereditament”) was a defined hereditament, or, in the case where the creation day is 1st April 2005, an old hereditament was shown in the local list for 31st March 2005; and

(iii) a rateable value, which is greater than zero, is shown for the new hereditament in the local list for—

(aa) the creation day;

(bb) the relevant day (if different from the creation day), and

(cc) each day (if any) falling after the creation day and before the relevant day; or

(b) where—

(i) on a day (“the creation day”) on or after 1st April 2005 a new hereditament comes into existence by virtue of—

(aa) property previously rated as a single hereditament becoming liable to be rated in parts;

(bb) property previously rated in parts becoming liable to be rated as a single hereditament; or

(cc) a hereditament or any part of a hereditament becoming part of a different hereditament;

(ii) immediately before the creation day each hereditament from which the new hereditament was formed in whole or in part (“old hereditament”) was shown in the central list for 31st March 2005; and

(iii) a rateable value, which is greater than zero, is shown for each new hereditament in the central list for—

(aa) the creation day;

(bb) the relevant day (if different from the creation day), and

(cc) each day (if any) falling after the creation day and before the relevant day.

Rules for determination of chargeable amount for new hereditament: splits on 1st April 2005

2.—(1) Subject to paragraph 6, where—

(a) this Schedule applies,
(b) the creation day falls on 1st April 2005, and
(c) the new hereditament comprises or incorporates all or part of a single old hereditament,
the following provisions of this paragraph shall be used to calculate the chargeable amount for a chargeable day in the year beginning on 1st April 2005, in place of the provisions of sections 43(4) to (6A), 44 and 45(4) to (6) of the Act.

(2) Subject to sub-paragraphs (3), (5), (7) and (9) below, the chargeable amount for the chargeable day shall be calculated by applying the formula—

$$R \times J$$

S.

(3) Where sub-paragraph (4) applies, the chargeable amount for the chargeable day shall be found by dividing the amount calculated in accordance with sub-paragraph (2) by 5.

(4) This sub-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.

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

(i) subtracting U (as defined in regulation 11) from the amount calculated in accordance with sub-paragraph (2); and

(ii) dividing the result by E.

(6) This sub-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.

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

(8) This sub-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.

(9) Where sub-paragraph (10) applies, the chargeable amount for a chargeable day shall be found by dividing the amount calculated in accordance with sub-paragraph (2) 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 10.

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

(11) For the purposes of this paragraph—

E is the amount prescribed under section 44(9) of the Act for the year beginning on 1st April 2005;

R is the amount which would have been the chargeable amount for the old hereditament for 1st April 2005 if—

(a) the old hereditament were shown in the local or central list for 1st April 2005;

(b) its rateable value for that day were the value certified by the appropriate valuation officer to be the rateable value which would have been shown in the local or central list for that day on the assumption that the relevant factors were as they were for 31st March 2005;

(c) the whole of the old hereditament were occupied;

- (d) 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 1st April 2005;
- (e) section 49(1) (reduction or remission of liability) of the Act did not apply to it for 1st April 2005;

J is the rateable value shown in the local or central list for the new hereditament for 1st April 2005; and

S is the value certified by the appropriate valuation officer to be the rateable value which would have been shown in the local or central list for the old hereditament for 1st April 2005 if that hereditament were shown in the local or central list for that date on the assumption mentioned in paragraph (b) in the definition of R.

Rules for determination of chargeable amount for new hereditament: mergers on 1st April 2005

3.—(1) Subject to paragraph 6, where—

- (a) this Schedule applies,
- (b) the creation day falls on 1st April 2005; and
- (c) the new hereditament comprises or incorporates more than one, or parts of more than one, old hereditament,

the following provisions of this paragraph shall be used to calculate the chargeable amount for a chargeable day in the year beginning on 1st April 2005, in place of the provisions of sections 43(4) to (6A), 44 and 45(4) to (6) of the Act.

(2) Subject to sub-paragraphs (3), (5), (7) and (9) below, the chargeable amount for the chargeable day shall be calculated by applying the formula—

$$R \times J$$

5.

(3) Where sub-paragraph (4) applies, the chargeable amount for the chargeable day shall be found by dividing the amount calculated in accordance with sub-paragraph (2) by 5.

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

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

- (i) subtracting U (as defined in regulation 11) from the amount calculated in accordance with sub-paragraph (2); and
- (ii) dividing the result by E.

(6) This sub-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.

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

(8) This sub-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.

(9) Where sub-paragraph (10) applies, the chargeable amount for a chargeable day shall be found by dividing the amount calculated in accordance with sub-paragraph (2) 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 respects the hereditament, by 10.

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

(11) For the purposes of this paragraph—

E is the amount prescribed under section 44(9) of the Act for the year beginning on 1st April 2005;

R is the total of the amounts which would have been the chargeable amounts for 1st April 2005 for the old hereditaments comprised or incorporated in the new hereditament if—

- (a) each of the old hereditaments was shown in the local or central list for 1st April 2005;
- (b) the rateable value for each was the value certified by the appropriate valuation officer to be the rateable value which would have been shown in the local or central list for that day on the assumption that the relevant factors were as they were for 31st March 2005;
- (c) the whole of each old hereditament was occupied;
- (d) 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 1st April 2005; and
- (e) section 49(1) (reduction or remission of liability) of the Act did not apply to it for 1st April 2005;

J is the rateable value shown in the local or central list for the new hereditament for the 1st April 2005; and

S is the total of the values certified by the appropriate valuation officer to be the rateable values which would have been shown in the local or central list for 1st April 2005 for the old hereditaments incorporated or comprised in the new hereditament if they were shown in the local or central list for that date on the assumption mentioned in paragraph (b) of the definition of R.

Rules for determination of chargeable amount for new hereditament: splits after 1st April 2005

4.—(1) Subject to paragraph 6, where—

- (a) this Schedule applies,
- (b) the creation day falls on a day after 1st April 2005, and
- (c) the new hereditament comprises or incorporates all or part of a single old hereditament,

the following provisions of this paragraph shall be used to calculate the chargeable amount for a chargeable day which is a relevant day in the relevant year in which the creation day falls, in place of the provisions of section 43(4) to (6A), 44 and 45(4) to (6) of the Act.

(2) Subject to sub-paragraphs (3), (5), (7) and (9) below, the chargeable amount for the chargeable day shall be calculated by applying the formula—

$$\frac{R \times J}{S}$$

(3) Where sub-paragraph (4) applies, the chargeable amount for the chargeable day shall be found by dividing the amount calculated in accordance with sub-paragraph (2) by 5.

(4) This sub-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.

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

- (i) subtracting U (as defined in regulation 11) from the amount calculated in accordance with sub-paragraph (2); and
- (ii) dividing the result of the calculation performed under sub-paragraph (i) by E.

(6) This sub-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.

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

(8) This sub-paragraph applies where, on the chargeable day, 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.

(9) Where sub-paragraph (10) applies, the chargeable amount for a chargeable day shall be found by dividing the amount calculated in accordance with sub-paragraph (2) 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 10.

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

(11) For the purposes of this paragraph—

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

R is the amount which would have been the chargeable amount for the old hereditament for the creation day if—

- (a) the old hereditament continued to exist and was shown in the local or central list for that day;
- (b) the rateable value for that day was the same as for the previous day;
- (c) the whole of the old hereditament were occupied and 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 the creation day and section 49(1) (reduction or remission of liability) of the Act did not apply to it for the creation day;

J is the rateable value shown in the local or central list for the new hereditament for the creation day; and

S is the rateable value shown in the local or central list for the old hereditament for the day immediately before the creation day.

Rules for determination of chargeable amount for new hereditament: mergers after 1st April 2005

5.—(1) Subject to paragraph 6, where—

- (a) this Schedule applies,

- (b) the creation day falls on a day after 1st April 2005, and
- (c) the new hereditament comprises or incorporates more than one, or parts of more than one, old hereditament,

the following provisions of this paragraph shall be used to calculate the chargeable amount for a chargeable day which is a relevant day in the relevant year in which the creation day falls, in place of the provisions of section 43(4) to (6A), 44 and 45(4) to (6) of the Act.

(2) Subject to sub-paragraphs (3), (5), (7) and (9) below, the chargeable amount for the chargeable day shall be calculated by applying the formula—

$$\frac{R \times J}{S}$$

(3) Where sub-paragraph (4) applies, the chargeable amount for the chargeable day shall be found by dividing the amount calculated in accordance with sub-paragraph (2) by 5.

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

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

- (i) subtracting U (as defined in regulation 11) from the amount calculated in accordance with sub-paragraph (2); and
- (ii) dividing the result of the calculation performed under sub-paragraph (i) by E.

(6) This sub-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.

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

(8) This sub-paragraph applies where, on the chargeable day, 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.

(9) Where sub-paragraph (10) applies, the chargeable amount for a chargeable day shall be found by dividing the amount calculated in accordance with sub-paragraph (2) 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, by 10.

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

(11) For the purposes of this paragraph—

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

R is the total of the amounts which would have been chargeable amounts for the creation day for the old hereditaments incorporated or comprised in the new hereditament if—

- (a) each of the old hereditaments was shown in the local or central list for that day;
- (b) each rateable value for that day was the same as for the previous day;
- (c) the whole of each old hereditament was occupied;
- (d) 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 the creation day; and

(e) section 49(1) (reduction or remission of liability) of the Act did not apply to it for the creation day;

J is the rateable value shown in the local or central list for the new hereditament for the creation day; and

S is the total of the rateable values shown in the local or central list for the day immediately before the creation day for the old hereditaments incorporated or comprised in the new hereditament.

Changes in the value of new hereditament: year of creation

6.—(1) Sub-paragraph (2) applies in respect of a new hereditament in a year in which the creation day falls where for a chargeable day after the creation day the rateable value shown in the local or central list for the hereditament is greater than that shown for the creation day.

(2) Where this sub-paragraph applies, paragraphs 2 to 5 shall have effect as regards the hereditament for the chargeable day as if the reference in those paragraphs to—

$$\frac{R \times J}{S}$$

were a reference to—

$$\frac{R \times J}{S} \quad \frac{(N - J) \times B}{C}$$

(3) Sub-paragraph (4) applies in respect of a new hereditament in a year in which the creation day falls where for a chargeable day after the creation day the rateable value shown in the local or central list for a hereditament is less than that shown in the local or central list for the creation day.

(4) Where this sub-paragraph applies, paragraphs 2 to 5 shall have effect as if the reference in those paragraphs to—

$$\frac{R \times J}{S}$$

were a reference to—

$$R \times J \times N$$
$$S \times J$$

(5) For the purposes of sub-paragraphs (2) and (4)—

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

C is the number of days in the relevant year in which the creation day falls;

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

R, J and S have the meanings given by paragraph 2, 3, 4 or 5, as the case may be.

Notional chargeable amount for new hereditament

7.—(1) This paragraph applies for determining the notional chargeable amount for a new hereditament for a relevant year falling after the year in which the creation day falls.

(2) Where this paragraph applies, the relevant notional chargeable amount shall be found by applying the formula

$$J \times D,$$

where—

J is the rateable value shown in the local or central list for the new hereditament for the creation day; and

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

Base liability for year after year in which creation day falls

8.—(1) This paragraph applies for determining the base liability for a new hereditament for any relevant year which falls immediately after the year in which the creation day falls.

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

$$(T \times C) - (B - D) \times J.$$

(3) For the purposes of this paragraph—

T is the amount (calculated in accordance with such of the preceding provisions of this Schedule as are applicable) which is or would have been the chargeable amount for the hereditament for the creation day if—

- (a) the whole of the hereditament were occupied;
- (b) 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 the creation day; and
- (c) section 49(1)(reduction or remission of liability) of the Act did not apply to it for the creation day;

B is the non-domestic rating multiplier for the relevant year;

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

J is the rateable value shown in the local or central list for the new hereditament for the creation day; and

C is the number of days in the relevant year in which the creation day falls.

Base liability for subsequent years for new hereditament

9.—(1) This paragraph applies for determining the base liability for a hereditament to which this Schedule applies for any relevant year falling after the relevant year referred to in paragraph 8(1).

(2) Where this paragraph applies, the base liability for the hereditament shall be found by applying the formula $BL \times AF$.

(3) For the purposes of this paragraph, BL and AF have the meanings given by regulation 8.

Rateable value: hereditament split or merged after 1st April 2005

10. Regulations 9 (appropriate fraction) and 12 (change in rateable value), ignoring any modifications made by regulation 13, shall have effect in relation to a new hereditament as if for references to 1st April 2005 there were substituted references to the creation day.