

**EXPLANATORY MEMORANDUM TO
THE COUNCIL TAX AND NON-DOMESTIC RATING (DEMAND NOTICES)
(AMENDMENT) (ENGLAND) REGULATIONS 2006**

2006 No. 492

1. This explanatory memorandum has been prepared by the Office of the Deputy Prime Minister and is laid before Parliament by Command of Her Majesty.
2. **Description**
 - 2.1 These Regulations amend the Non-Domestic Rating (Demand Notices) (England) Regulations 2003 (S.I. 2003/2613) (“the 2003 Regulations”), which govern the matters to be included in, and the information to be given with, council tax and non-domestic rates bills. The amendments relate to non-domestic rates bills only and inform ratepayers that Former Agricultural Premises Relief will cease to be available after 14th August 2006. This information will assist ratepayers in understanding the reliefs they are entitled to and how their bill has been calculated. With effect from 30th March 2007, the text relating to this relief is to be omitted from the information given to ratepayers.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
 - 3.1 None
4. **Legislative Background**
 - 4.1 Mandatory Former Agricultural Premises Relief is provided for by sections 43(6A) and (6F)-(6I) of the Local Government Finance Act 1988 (“the 1988 Act”). These provisions contain the method of calculating the rating liability of a property which qualifies for the relief and the criteria for qualification. One of the qualifications is that the rateable value of the property is not more than any amount specified by the Secretary of State – subsection (6F)(b).
 - 4.2 Subsection (6A) was amended, and subsections (6F)-(6L) were inserted, by the Rating (Former Agricultural Premises and Rural Shops) Act 2001 (c. 14). The relevant provisions of that Act were brought into force by the Rating (Former Agricultural Premises and Rural Shops) Act 2001 (Commencement No. 1) Order 2001 (S.I. 2001/2580). The coming into force date was 17th July 2001 for the purposes of making an order under section 43(6F)(b) and 15th August 2001 for all other purposes.
 - 4.3 By virtue of section 43(6J), the relief is available for a period of five years beginning on the day on which subsections (6F)-(6I) came into force. Accordingly, the last day that Former Agricultural Premises Relief will be available to qualifying ratepayers is 14th August 2006. There is an associated

further discretionary relief by virtue of section 47(1) and, under section 47(3C), this will also cease to be available after 14th August 2006.

- 4.4 The 2003 Regulations are made under Schedule 9 to the 1988 Act. They govern the matters which must be contained in council tax and non-domestic rates bills issued by a billing authority and the accompanying information which must also be provided. Under Schedule 2 to the 2003 Regulations, various explanatory notes must be included in a non-domestic rates bill, which assist ratepayers in understanding how their bill has been calculated and the reliefs they have been granted. The amending regulations will update the notes on Former Agricultural Premises Relief so that ratepayers are aware it is coming to an end. With effect from 30th March 2007, the amending Regulations provide that the notes relating to Former Agricultural Premises Relief are to be omitted so that they will not be included in rates bills issued from the start of the 2007/08 financial year.

5. Extent

- 5.1 This instrument applies to England.

6. European Convention on Human Rights

- 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- 7.1 The Rating (Former Agricultural Premises and Rural Shops) Act 2001 amended the 1988 Act by bringing in rate relief designed to help farmers diversify into non agricultural activities, partly offsetting their rate liability for up to five years. The relief was brought in because farmers faced a new rate liability when moving any of their property from agricultural use, which was exempt from rates, to non-agricultural use where it would be subject to rates. This was perceived to be a barrier for farmers diversifying into non-agricultural activities at a time when many farmers were also suffering from the effect of the foot and mouth outbreak.
- 7.2 Former Agricultural Premises Relief was brought into force on 15th August 2001 with the intention that it would last for 5 years. Provisions exist for the relief to be extended beyond August 2006 but the numbers entitled to the relief are very small - about 1,000 ratepayers - and most will be eligible for small business rate relief (SBRR) instead. It was therefore decided that the relief should end in accordance with the provisions of the Act.
- 7.3 The ODPM has agreed to work with the Department of Environment, Food and Rural Affairs to help disseminate information to the relevant ratepayers. The National Farming Union has also been informed and is content for the relief to end on 14th August 2006.
- 7.4 Many billing authorities will start to print their explanatory notes as early as January for the forthcoming financial year. The ODPM wrote to all billing

authorities¹ to notify them of the intention to amend the 2003 Regulations to reflect the fact that the rate relief will end in accordance with the provisions in the Act.

7.5 The circular letter also suggested billing authorities should encourage those ratepayers that currently qualify for the relief to apply for Small Business Rate Relief (“SBRR”). Provided the conditions attached to the SBRR scheme are met, the levels of relief it provides are similar to those available under the Former Agricultural Premises Relief scheme.

7.6 The amending Regulations will insert “until 14 August 2006” in the paragraph relating to former agricultural premises relief to make it clear to ratepayers that the relief will end on this date. The amending Regulations will then delete this paragraph as of Friday 30th March 2007 to reflect the fact that the relief is no longer available. This date has been chosen to reduce the burden on local authorities – which generally arrange for the information to accompany rates bills to be printed annually for the whole of the forthcoming financial year. Billing authorities will be able to remove that text from the explanatory notes when they undertake their print runs in the course of business in early 2007.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

9. Contact

Relwyn Reffell at the Office of the Deputy Prime Minister Tel: 020 7944 3810 or e-mail: relwyn.reffell@odpm.gsi.gov.uk can answer any queries regarding the instrument.

¹ Business Rates Information circular (6/2005), 21 December 2005, <http://www.local.odpm.gov.uk/finance/busrats/bri62005.pdf>