
EXPLANATORY NOTE

(This note is not part of the Regulations)

The Local Government Finance Act 1988 (“the Act”) provides for non-domestic hereditaments to be revalued every five years. On a revaluation new non-domestic rating lists are compiled. The next compilation date is 1st April 2023.

On each previous revaluation a transitional relief scheme has been used to protect ratepayers from large increases in their rates bills following a revaluation. These Regulations, which apply to England only, set out the rules for the transitional relief scheme which will apply to the 2023 non-domestic rating revaluation.

The effect of the transitional relief scheme is to assist ratepayers whose bills (in these Regulations, the “notional chargeable amount”) would have increased above a certain amount by phasing in these increases gradually over up to five years. In these Regulations the increase for those ratepayers are phased in over the years beginning on 1st April 2023, 2024 and 2025 (“the early relevant years”). It is also the effect of the scheme to add a supplement to the bills of some ratepayers for the year beginning on 1st April 2027 (“the final relevant year”). The supplement in the final relevant year funds the phasing in of the increases in the early relevant years.

Part 2 of these Regulations makes provision for the determination of the substituted chargeable amount (which is the amount by reference to which a ratepayer’s liability is established) where the hereditament is shown in a local list or the central list (see sections 42 or 52 of the Act) and where the conditions in Part 2 are met.

Regulations 4 to 10 explain the terms used in determining whether the rules in Part 2 apply in place of the rules in section 43 (occupied hereditaments: liability), 45 (unoccupied hereditaments: liability) or 54 (central rating: liability) of the Act.

Regulation 11 specifies the cases where the rules contained in regulation 12 apply for determining the chargeable amount in cases to which Part 2 applies in relation to early relevant years.

The test which determines when the rules contained in regulation 12 apply is where NCA (notional chargeable amount, as determined under regulation 7) for a hereditament is greater than BL (base liability, as determined under regulation 8 or 9) and also greater than BL multiplied by AF (appropriate fraction, as determined under regulation 10). This is the situation where, but for these Regulations, the ratepayer’s chargeable amount would have increased above a certain amount at the beginning of the relevant financial year.

Where this test is satisfied then the chargeable amount for the hereditament for each day will be–

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

where C is the number of days in the year and U is a small business rate relief correction factor.

The AF is different for different classes of hereditament based on rateable values. Regulation 12 further provides that once the chargeable amount is calculated the mandatory reliefs (such as charitable relief and small business rate relief) are deducted.

Regulation 13 modifies the rules in relation to cases where, after 1st April 2023 in an early relevant year, there has been a change to the rateable value of the hereditament.

Status: This is the original version (as it was originally made).

Regulation 14 specifies the cases where the rules contained in regulation 15 apply for determining the chargeable amount in cases to which Part 2 applies in relation to the final relevant year.

Regulation 15 provides that the chargeable amount for a hereditament to which that regulation applies is to be calculated using the formula set out in the regulation. This adds a supplement to the chargeable amount for defined hereditaments to which the regulation applies.

Regulation 16 modifies regulations 13 and 15 to apply in cases where there has been a change to the rateable value of the hereditament on 1st April 2023.

Regulation 17 modifies the rules in relation to cases where the hereditament is partly-occupied in an early relevant year.

Regulations 18 to 23 make provision requiring the appropriate valuation officer to certify rateable values for the purposes of the application of the rules in these Regulations. Regulation 24 provides for the procedure to be followed in the case of appeals against such certificates.

Regulation 25 revokes regulations 17 (certificates: general) and 18 (appeals against certificates) of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2009 ([S.I. 2009/3343](#)), which provide for the issuing of certificates and appeals against certification in relation to the 2010 rating lists. This is subject to a saving provision for regulation 17(6), which requires the valuation officer to retain a certificate and permit inspection, where a certificate is subject to an ongoing appeal.

The Schedule makes provision, in place of Part 2 (chargeable amounts), for cases where a hereditament splits, or is merged with one or more other hereditaments, whether the split or merger occurs on or after 1st April 2023.