LOCAL GOVERNMENT FINANCE (WALES) ACT 2024

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes are for the Local Government Finance (Wales) Act 2024, which was passed by Senedd Cymru on 16 July 2024 and received Royal Assent on 16 September. They have been prepared by the Local Government, Housing, Climate Change and Rural Affairs Group of the Welsh Government in order to assist the reader of the Act. The Explanatory Notes should be read in conjunction with the Act but are not part of it. Where a provision of the Act does not seem to require any explanation or comment, none is given.

SUMMARY AND BACKGROUND

2. The Act comprises of three Parts and a Schedule. The first Part relates to non-domestic rating, the second Part relates to council tax and the third Part contains general provisions. The Schedule includes minor and consequential amendments.

COMMENTARY ON SECTIONS

PART 1 – NON-DOMESTIC RATING

Section 1 – Overview of Part 1

3. Section 1 provides an overview of the sections in Part 1.

Section 2 – Local rating lists

4. This section inserts section 41ZA (Local rating lists: Wales) into the Local Government Finance Act 1988 ("the 1988 Act"). Section 41ZA sets out the arrangements for the compilation of local non-domestic rating lists, largely preserving the effect of section 41 of the 1988 Act in relation to Wales. It requires those lists to be compiled every three years (instead of every five years). Therefore, as a local list was last compiled on 1 April 2023, the next list will be compiled on 1 April 2026 (instead of on 1 April 2028).

5. The existing requirements for the valuation officer to prepare proposed and compiled lists are preserved. The billing authority must keep a copy of the proposed and compiled lists electronically. These requirements have been modernised, as a billing authority was previously required to deposit a copy of the list at its principal office.

6. The valuation officer must maintain a list compiled under section 41ZA or compiled on the dates mentioned in section 41ZA(11)(b) of the 1988 Act, for as long as is necessary for the purposes of Part 3 of the 1988 Act. The dates are those on which lists were required to be compiled under section 41 of the 1988 Act (as modified by section 54A). This record of previous revaluation dates ensures clarity about the ongoing requirement to maintain the lists compiled under section 41 of the 1988 Act. No reference is made to local lists compiled on 1 April 1995, as the lists compiled on 1 April 1996 were a rearrangement of the 1995 lists and are treated as being the lists which came into force on 1 April 1995.

Section 3 – Central rating lists

7. This section inserts section 52ZA (Central rating lists for Wales) into the 1988 Act. Section 52ZA sets out the arrangements for the compilation of central non-domestic rating lists, largely preserving the effect of section 52 of the 1988 Act in relation to Wales. It requires those lists to be compiled every three years (instead of every five years). Therefore, as a central list was last compiled on 1 April 2023, the next list will be compiled on 1 April 2026 (instead of on 1 April 2028).

8. The existing arrangements for the central valuation officer to prepare proposed and compiled lists are preserved. The Welsh Ministers must keep a copy of the proposed and compiled lists electronically. These requirements have been modernised, as the Welsh Ministers were previously required to deposit a copy of the list at their principal office.

9. The central valuation officer must maintain a list compiled under section 52ZA or compiled on the dates mentioned in section 52ZA(11)(b) of the 1988 Act, for as long as is necessary for the purposes of Part 3 of the 1988 Act. The record of previous revaluation dates provided by section 52ZA(11)(b) of the 1988 Act is intended to ensure clarity about the ongoing requirement to maintain the lists compiled under section 52 of the 1988 Act. Unlike in section 41ZA(11)(b), reference is made to the list required to be compiled in 1995 (and not in 1996), as it was not necessary to compile a new central list in 1996.

Section 4 – Power to amend revaluation year

10. This section inserts section 54AB (Power to amend revaluation year: Wales) into the 1988 Act, which confers on the Welsh Ministers a power to make regulations that amend a revaluation year and the interval between revaluation years. New local and central rating lists must be compiled on 1 April in a revaluation year. Regulations made under this power must specify the same year or interval in relation to both local and central rating lists, to ensure that revaluations continue to take place at the same time. Such regulations may not be made unless a draft has been laid before, and approved by a resolution of, Senedd Cymru (draft affirmative procedure).

11. Section 58 of the 1988 Act provides that the Welsh Ministers may, by regulations, prescribe different rules for the calculation of the chargeable amount during a relevant period beginning with the day on which new rating lists are compiled. The relevant period is a period of years that reflects the interval between revaluations. Regulations under this power have provided for transitional relief following revaluations. Section 54AB(3) of the 1988 Act ensures that, if the interval between revaluation years is amended, an amendment must be made so that the power in section 58 operates in relation to the same interval.

Section 5 – Powers to confer, vary and withdraw reliefs

12. This section amends Schedules 4ZA, 4ZB and 5A to the 1988 Act. These Schedules provide for the calculation of the chargeable amount of non-domestic rating for a chargeable day, in respect of a hereditament, and the application of both partial and full reliefs from non-domestic rating. Schedule 4ZA makes this provision in relation to occupied hereditaments on a local rating list, Schedule 4ZB makes this provision in relation to unoccupied hereditaments on a local rating list, and Schedule 5A makes this provision in relation to hereditaments on a central rating list.

13. Subsection (2) inserts Part 3A into Schedule 4ZA to the 1988 Act, subsection (3) inserts Parts 2A and 2B into Schedule 4ZB to the 1988 Act, and subsection (4) inserts Part 2A into Schedule 5A to the 1988 Act. Each of these new Parts contains equivalent powers for the Welsh Ministers to make regulations conferring, varying or withdrawing reliefs in respect of the hereditaments to which each Schedule applies. Such regulations may not be made unless a draft has been laid before, and approved by a resolution of, Senedd Cymru (draft affirmative procedure).

14. In each case, the Welsh Ministers may exercise the power to prescribe multiple partial reliefs (see new paragraphs 8A, 2A and 4A of Schedules 4ZA, 4ZB and 5A to the 1988 Act, respectively). Each partial relief may apply where conditions prescribed in the regulations are met and must be set at a level prescribed by the Welsh Ministers in regulations, using the formula "AxM/C – F", where "F" denotes the amount of the relief.

15. Under these new powers, the Welsh Ministers may also make provision as to the calculation of the chargeable amount in cases where more than one relief prescribed in the regulations applies in relation to a hereditament. Such provision may require that the chargeable amount is calculated taking into account one or more of the applicable reliefs.

16. Similarly, the Welsh Ministers may exercise the power to prescribe multiple full reliefs and such reliefs may apply where conditions prescribed in the regulations are met (see new paragraphs 8B, 2B and 4B of Schedules 4ZA, 4ZB and 5A to the 1988 Act, respectively).

17. Both Schedules 4ZA and 5A to the 1988 Act make provision about cases where more than one of the reliefs set out in each of those Schedules applies in respect of a hereditament. This section amends these provisions so as to include full and partial reliefs conferred under the new regulation making powers and inserts a new Part 2B which makes equivalent provision into Schedule 4ZB to the 1988 Act. In each case, the section also inserts a power for the Welsh Ministers to amend this existing provision or make further provision by regulations.

18. The provisions of Schedules 4ZA and 5A to the 1988 Act clarifying which paragraph to use to calculate the chargeable amount in cases where more than one relief applies do not refer to paragraphs 3 respectively of those Schedules, which deal with improvement rate relief. This is because that relief can apply in addition to any other relief and operates in a distinct manner, as an adjustment to the rateable value of the hereditament before the multiplier and any other relief is applied. Paragraphs 3 of Schedules 4ZA and 5A may, therefore, apply in addition to any other paragraph in those Schedules, and do not disapply, nor are they disapplied by, any other paragraph.

19. Any reliefs conferred via the regulations may also be varied or withdrawn by means of amending regulations. In addition, this section inserts a new power into each of Schedules 4ZA, 4ZB and 5A to the 1988 Act for the Welsh Ministers to vary or withdraw any of the reliefs set out in those Schedules themselves (see new paragraphs 8C, 2C and 4C of Schedules 4ZA, 4ZB and 5A to the 1988 Act, respectively).

Section 6 – Unoccupied hereditaments: charitable rate relief

20. This section amends paragraph 2 of Schedule 4ZB to the 1988 Act, which prescribes cases where the chargeable amount for a chargeable day is zero (full relief) for unoccupied hereditaments. Paragraph 2(2)(a) of Schedule 4ZB to the 1988 Act is limited to England. It prescribes the case where the ratepayer is a charitable organisation and it appears that the next use of the hereditament will be wholly or mainly for charitable purposes.

21. Subsection (3) inserts new paragraph 2(3) to (8) into Schedule 4ZB to the 1988 Act, which restate, with amendments, the cases prescribed in paragraph 2(2) in relation to Wales. Paragraph 2(3) of Schedule 4ZB to the 1988 Act prescribes the case where the ratepayer is a charitable organisation and includes additional conditions for relief. The billing authority must be satisfied that the hereditament is unoccupied for a reason related to the charitable purposes of the charity and the next use of the hereditament will be wholly or mainly for charitable purposes.

22. Paragraph 2(3)(c) of Schedule 4ZB to the 1988 Act requires a charity to provide the billing authority with a copy of its most recent accounts and annual report, if one is required to be prepared under section 162(1) or 168(3) of the Charities Act 2011. Paragraph 2(4), (5) and (7) of Schedule 4ZB to the 1988 Act provide the definition for a charity's accounts, reflecting the differing requirements imposed on charitable companies, exempt charities and any other charity, as set out in the relevant legislation.

23. Paragraph 2(2)(b) of Schedule 4ZB to the 1988 Act is limited to England. It prescribes the case for full relief where the ratepayer was a community amateur sports club ("CASC") and it appears that the next use of the hereditament will be wholly or mainly for the purposes of the club (or two or more CASCs which include that club). Paragraph 2(8) of Schedule 4ZB to the 1988 Act restates this provision in relation to Wales, but amended to require that the billing authority be satisfied with respect to the next use of the hereditament. No additional conditions are inserted in respect of this case.

Section 7 – Completion notices for new buildings

24. This section expands the definition of a new building, for the purpose of the serving of a completion notice by a billing authority, by amending section 46A of the 1988 Act. Section 46A and Schedule 4A to the 1988 Act make provision for the service of a completion notice in respect of a new building. It states the day on which a new building is to be treated as completed, with the effect that it is then capable of being added to the rating list. New sub-paragraph (iv) is inserted into section 46A(6)(b), to apply the same procedure to a building that has been altered and which, although consisting of or included in a hereditament previously shown in a rating list, has been removed from the list. This will apply to buildings that are temporarily incapable of beneficial occupation while the alterations are being made.

Section 8 – Discretionary relief: time limit

25. This section amends section 47 of the 1988 Act, which sets out the situations in which billing authorities may award and vary discretionary relief from non-domestic rating. Section 47(7) of the 1988 Act, which provides that a billing authority cannot make a decision to award or vary such relief more than six months after the end of the financial year, is omitted. New section 47(6B) is inserted, so that a decision to award or vary discretionary relief in respect of a hereditament is invalid, as regards a day, if the day falls before 31 March 2024 and the decision is made more than six months after the end of the financial year in which the day falls.

26. The effect is that the 2023-24 financial year is the last to which the existing six-month restriction on the awarding of discretionary relief after the year has ended will apply. This will enable local authorities to take a decision to award or vary discretionary relief from the chargeable amount more than six months after the end of the financial year to which the decision relates, in relation to the 2024-25 financial year onwards.

Section 9 – Powers to confer, vary and withdraw exemptions

27. This section amends Schedule 5 to the 1988 Act, which provides for exemptions from non-domestic rating. New paragraph 20A (Powers to confer, vary and withdraw exemption: Wales) is inserted into Schedule 5, providing that the Welsh Ministers may, by regulations, confer new exemptions and vary or withdraw any existing exemptions in that Schedule. Such regulations may not be made unless a draft has been laid before, and approved by a resolution of, Senedd Cymru (draft affirmative procedure).

Section 10 – Calculation of non-domestic rating multipliers

28. Part 1 of Schedule 7 to the 1988 Act provides for the calculation of non-domestic rating multipliers in relation to Wales. This section inserts a new Part A2, which restates the provisions previously contained in Part 1 together with new provision for the Welsh Ministers to set differential multipliers by regulations. Section 11 makes supplementary provision.

29. New Part A2 (Non-domestic rating multipliers: Wales) of Schedule 7 to the 1988 Act comprises paragraphs A13 to A20. This Part sets out general formulae for the calculation of the non-domestic rating multiplier in revaluation and other years (see paragraphs A14 and A15). In both cases, the non-domestic rating multiplier remains index-linked to the consumer prices index, but the Welsh Ministers retain the power to link the multiplier to a different index or otherwise change the calculation of the multiplier by regulations (see paragraph A18).

30. Where regulations made under new paragraph A16 (Calculation of differential multipliers) apply in respect of a hereditament, a differential multiplier determined by the Welsh Ministers in regulations applies in respect of that hereditament. Such multipliers must be a proportion of the multiplier for the year generally (as calculated under paragraph A14 or A15, as the case may be), but may be more than 100% of that multiplier. Regulations made under paragraph A16 may specify different differential multipliers in relation to different descriptions of hereditaments on the local lists or different amounts of rateable valuable shown against the names of designated persons on the central list. Such regulations may not be made unless a draft has been laid before, and approved by a resolution of, Senedd Cymru (draft affirmative procedure).

31. Paragraph A17 preserves the effect of improvement rate relief in the case of those hereditaments to which both this relief and a differential multiplier applies. This paragraph also sets out the principle that, where more than one differential multiplier applies in respect of a hereditament, it is the multiplier with the lowest value (of those that apply) that is to be used for calculating the chargeable amount for the hereditament.

32. Paragraphs A18 to A20 restate the existing requirements imposed on Welsh Ministers concerning the making and giving notice of calculations of the non-domestic rating multiplier for a chargeable financial year (these requirements are also applied to any differential multipliers prescribed under paragraph A16).

Section 11 – Calculation of non-domestic rating multipliers: supplementary provision

33. Section 11 amends provisions in Schedules 4ZA, 4ZB and 5A to the 1988 Act so as to reflect the new powers for the Welsh Ministers to set differential multipliers (see section 10) in the formulae for calculating the chargeable amount in relation to hereditaments on the local and central lists.

Section 12 – Information to be provided to valuation officer

34. This section applies to Wales, with amendments, the information provision duties and associated compliance regime provided by paragraphs 4I to 4M, 5ZC to 5ZF and 5BD to 5BF of Schedule 9 to the 1988 Act. The provisions set out duties on ratepayers (or persons who would be ratepayers if their hereditaments were shown in a rating list) to provide notifiable information to the Valuation Office Agency (VOA), a system of penalties for failure to comply, and procedures for reviewing and appealing penalties.

35. Subsections (2), (3) and (5) amend paragraphs 4I and 4M(1) of Schedule 9 to the 1988 Act to remove words limiting the effect of the provisions to England.

36. Paragraphs 4I to 4M of Schedule 9 to the 1988 Act set out the duties to provide notifiable information to the VOA:

- Paragraph 4I provides that the duties apply to persons who are or would be (if the hereditament were shown in a rating list) a ratepayer for a hereditament. This includes those in receipt of 100% relief from the chargeable amount.
- Paragraph 4J provides for a duty for that person to provide notifiable information within a notifiable period. Information is notifiable if it relates to the identity of the (would be) ratepayer or the existence, extent or rateable value of the hereditament, but only if that person could reasonably be expected to know that it would assist the VOA in carrying out its functions. The notifiable period is within 60 days of the change in notifiable information, or such longer period as may be specified by the VOA in a notice. Subsection (4) amends paragraph 4J(4) to provide that, in relation to a hereditament situated in Wales, the notifiable period may also be such longer period as may be agreed with the VOA. This will allow for a person to request that the VOA grants an extension to the notifiable period.
- Paragraph 4K provides that the person must make an annual confirmation, within 60 days beginning on 30 April each year, that they have either provided notifiable information or that they were not required to provide such information.
- Paragraph 4L provides for the information to be submitted using an online facility provided by the VOA or in another agreed manner.

- Paragraph 4M restates existing powers in paragraph 5 of Schedule 9 to the 1988 Act, which allow the VOA to also request information which they believe will assist them in carrying out their functions. The VOA may still need to request information using this power, including for specialist properties and very specific types of information.

37. Subsections (7) and (8) amend paragraphs 5A(1) and 5C(2), respectively, of Schedule 9 to the 1988 Act, to extend the deadline for ratepayers to respond to an information notice issued by billing authorities (from 56 to 60 days) and appeal a penalty notice for failure to comply (from 28 to 30 days). These changes maintain consistent timescales for the provision of information to the VOA and billing authorities.

38. Paragraphs 5ZC to 5ZF of Schedule 9 to the 1988 Act set out a system of penalties for failures to comply with the duties to provide notifiable information:
    - Paragraph 5ZC provides for:
        i. A civil penalty where a person fails to comply with the duties. The penalty is determined under paragraph 5ZD(1).
        ii. A criminal offence where a person knowingly or recklessly makes a false statement while purporting to comply with the duties. A person is liable on summary conviction to imprisonment for a term not exceeding 3 months or a fine not exceeding level 3 on the standard scale or to both. For criminal liability to be imposed, the usual test applies; it must be beyond reasonable doubt the offence has been committed. Alternatively, the person may be held liable for a civil penalty for making a false statement of the same nature (although it must still be beyond reasonable doubt that the offence was committed). The civil penalty is determined under paragraph 5ZD(2).
        iii. The arrangements for serving and the contents of penalty notices, where the person is liable for a civil penalty. A penalty must be paid within 30 days of the date of the penalty notice (unless this period is extended by the time taken to complete any review or appeal). If a person is served with a civil penalty notice in respect of knowingly or recklessly making a false statement, no criminal proceedings for the same offence may be instituted before the deadline for payment of the penalty. If that liability is discharged, then no criminal proceedings or conviction may follow and no further penalty notice may be served, in relation to knowingly or recklessly making the false statement. If a person discharges liability arising from a penalty notice for failure to comply with the notification duties and is subsequently convicted of an offence or served with a further penalty notice in respect of a false statement, then the sentence or amount of the penalty must reflect the amount of the penalty already discharged.
    - Paragraph 5ZD provides for the level of a civil penalty:
        i. Where the person has failed to comply with a notification requirement, the maximum penalty is the greater of 2% of the relevant rateable value and £900.

ii. Where the person has knowingly or recklessly made a false statement in purported compliance with a notification requirement, the maximum penalty is the sum of 3% of the relevant rateable value and £500.

iii. Where the person is liable for failing to comply with a notification requirement, they would be liable to a further penalty of £60 per day if they fail to comply with the requirement within 30 days of being served with an associated penalty notice. The total liability for further daily penalties may not exceed £1,800.

- Paragraph 5ZE provides for the determination of rateable values, for the purposes of calculating penalties where a matter affecting the rateable value has changed between the day when the notifiable information should have been provided and the day of the penalty notice. These provisions ensure that the penalty is not increased or reduced due to changes to the hereditament after the liability to the penalty first arose.
- Paragraph 5ZF provides for the valuation officer to mitigate or remit any of the above penalties. This will allow the VOA to operate the duties and penalties fairly and with due regard to individual circumstances.

39. Paragraphs 5BD to 5BF of Schedule 9 to the 1988 Act set out the procedures for reviewing and appealing penalties for failure to comply with the duties to provide notifiable information:

- Paragraph 5BD provides a person with 30 days to request a review of a penalty notice. The review is done by a reviewing officer of the VOA, different from the officer who imposed the penalty. The nature and extent of the review are such as appear appropriate to the reviewing officer. The review must be completed within 45 days, otherwise the penalty is treated as having been confirmed.
- Paragraph 5BE provides for a right of appeal to the valuation tribunal against the conclusions of the review, within 30 days of the notification (or deemed notification) of the review conclusions.
- Paragraph 5BF extends the period for paying a penalty and provides that the incidence of a review or appeal does not prevent a further penalty being applied, where the person continues to fail to comply with the notification requirement. It also ensures that a review or appeal would consider any daily penalty imposed under paragraph 5ZD(3) in addition to the penalty imposed under paragraph 5ZC(1).

40. Subsection (6) inserts new sub-paragraph (4A) into paragraph 5ZC of the 1988 Act, to provide that a penalty notice served in relation to a hereditament situated in Wales must include an explanation of the effect of paragraph 5BD(9). As a result, the notice will clarify that, should the person request a review, the penalty is to be treated as having been confirmed, if the reviewing officer has not given notice of their decision within 45 days. This is intended to ensure clarity for the person, as to when the 30 day period during which they may appeal the penalty notice will start.

Section 13 – Artificial non-domestic rating avoidance arrangements

41. This section inserts sections 63F to 63M (Anti-avoidance: Wales) into the 1988 Act. They make provision about counteracting advantages arising from artificial arrangements for the avoidance of non-domestic rates liability.

42. arrangement has the meaning given in sections 63F to 63H.

43. As regards the key concept of "artificial", section 63H of the 1988 Act provides that an arrangement is artificial if it is of a type specified by the Welsh Ministers in regulations (and, where Ministers have made provision for this under subsection (3), no contrary determination has been made). The Welsh Ministers may only specify a type of arrangement is artificial if making an arrangement of that type would not be a reasonable course of action in relation to legislative provisions for non-domestic rating, having regard in particular to the matters listed in paragraphs (a), (b) and (c) of subsection (2). These matters cover techniques which are designed to exploit perceived 'loopholes' in the legislation to obtain the advantage.

44. Regulations made under section 63H(1)(a) of the 1988 Act will describe the specific avoidance techniques or behaviours that will be addressed by the process set out in the following sections. The regulations may also (see section 63H(3)) provide that a specified arrangement is not artificial in a particular case if, having regard to all the circumstances, a determination to that effect is made by the relevant billing authority or the Welsh Ministers (as the case may be). This enables the Welsh Ministers, when making the regulations, to identify types of arrangement that may not be artificial in every case and, for those types of arrangement, to give billing authorities (or the Welsh Ministers as the case may be) a discretion to determine that, in the particular circumstances, an arrangement of that type is not artificial.

45. Sections 63I (Liability to non-domestic rating: local lists) and 63J (Liability to non-domestic rating: central lists) provide for the application of the anti-avoidance provisions by billing authorities and Welsh Ministers, in relation to hereditaments shown in a local or central rating list, respectively. Where an artificial avoidance arrangement has been made in relation to a hereditament, the billing authority or the Welsh Ministers (as the case may be) must treat the ratepayer (or another person, if that person would have been the ratepayer in the absence of the arrangement) as liable to pay the chargeable amount that would have applied in the absence of the arrangement. This has the effect that, where a specified avoidance behaviour continues after regulations are made, the person will be required to pay the shortfall in liability since the later of: the day the arrangement is made; the day the regulations come into force; and a day specified in the regulations.

46. Section 63K (Liability to non-domestic rating: notification) of the 1988 Act obliges the billing authority or the Welsh Ministers (as the case may be) to serve a notice on the person who is to be treated as liable where an artificial avoidance arrangement has been identified, and enables the person to have the notice reviewed. The billing authority (or the Welsh Ministers) will then either confirm the notice or withdraw it (in which case the arrangement subject to the notice is taken as not having been an artificial non-domestic rating avoidance arrangement).

47. Section 63L (Appeals to valuation tribunal) enables a person to appeal a notice which is confirmed following a review. The tribunal may confirm the notice or require it to be withdrawn.

48. Section 63M (Penalties) enables the Welsh Ministers to make regulations providing for the imposition of a financial penalty where a person treated as liable fails to pay an amount due.

Section 14 – Orders and regulations under the Local Government Finance Act 1988

49. This section inserts new section 143A (Orders and regulations of the Welsh Ministers) into the 1988 Act. Section 143A restates section 143 of the 1988 Act, to set out how powers conferred on the Welsh Ministers to make secondary legislation under the 1988 Act are to be exercised and the applicable procedure to be followed.

50. Powers conferred on any other persons to make secondary legislation which may apply to Wales will continue to be exercised in accordance with section 143 of the 1988 Act. These include, for example, the powers conferred on the Commissioners of His Majesty's Revenue and Customs by paragraphs 4F(2), 4G , 5F(1A) and 5FA(1) of Schedule 9 to the 1988 Act, in relation to the relevant information provision requirements.

Section 15 – Minor and consequential amendments relating to Part 1

51. This section introduces the Schedule, which makes changes consequential on sections 2, 3, 4, 8, 9, 10, 12, 13 and 14.

52. Part 1 (paragraphs 1 to 5) of the Schedule makes amendments relating to sections 2 to 4 (Rating lists). Paragraph 1 makes amendments to the 1988 Act. Several of the amendments change references to "Secretary of State" to "appropriate national authority", where the relevant provision applies to England and Wales. Where provisions apply only to Wales, references to "Secretary of State" are changed to "Welsh Ministers". These amendments reflect the transfer of functions effected by virtue of article 2(1) of the National Assembly for Wales (Transfer of Functions) Order 1999 and section 162 of, and paragraph 30 of Schedule 11 to, the Government of Wales Act 2006. New section 67(12A) of the 1988 Act defines "the appropriate national authority", restating the definitions (which are omitted) from Schedules 4ZA, 4ZB and 5A.

53. Paragraph 1(2) and (8) omit sections 41A and 54A of the 1988 Act. These sections are spent and their effects are accounted for in provisions introduced by this Act.

54. Paragraph 1(9)(a) restates section 55(1) of the 1988 Act in relation to Wales by inserting new section 55(1A). The restatement takes account of the provisions introduced by this Act.

55. Paragraph 1(9)(c) and (d) amend section 55(7A) of the 1988 Act such that it applies only in relation to England and restates its effect in relation to Wales in new section 55(7AA). The restatement takes account of the provisions introduced by this Act.

56. Paragraph 1(10)(d) amends section 58(10)(a) of the 1988 Act to reflect the change in interval between revaluation years provided by this Act.

57. Paragraph 1(23)(c) amends paragraph 8 of Schedule 9 to the 1988 Act so that it applies only in relation to England. Paragraph 1(23)(d) inserts new paragraph 8A into Schedule 9, which restates paragraph 8 in relation to Wales, taking account of the provisions introduced by this Act.

58. Paragraph 2 omits section 37 of, and paragraphs 84 and 86 of Schedule 16 to, the Local Government (Wales) Act 1994, which inserted section 41A of the 1988 Act (omitted by this Act) and amendments consequential on that section, respectively.

59. Paragraph 3 amends section 30(2) of the Business Rates Supplements Act 2009 to include a reference to local non-domestic rating lists for Wales compiled under new section 41ZA(1) of the 1988 Act.

60. Paragraph 4 omits section 30 of the Growth and Infrastructure Act 2013, which inserted section 54A of the 1988 Act (omitted by this Act).

61. Paragraph 5 omits section 1(4) of the Non-Domestic Rating (Lists) Act 2021, which amended section 54A of the 1988 Act (omitted by this Act).

62. Part 2 (paragraphs 6 and 7) of the Schedule makes amendments relating to section 8 (Discretionary relief: time limit). Paragraph 6 omits paragraph 23 of Schedule 3 to the Local Government and Rating Act 1997, as the amendment to the 1988 Act it provided for has been omitted by this Act. Paragraph 7 omits section 4(3) of the Non-Domestic Rating Act 2023, as the section of the 1988 Act it amended in relation to Wales has been omitted by this Act.

63. Part 3 (paragraph 8) of the Schedule makes amendments relating to section 9 (Powers to confer, vary and withdraw exemptions). Paragraph 8 amends paragraph 20 of Schedule 5 to the 1988 Act so that it applies in relation to England only.

64. Part 4 (paragraphs 9 to 12) of the Schedule makes amendments relating to section 10 (Calculation of non-domestic rating multipliers). Paragraph 9(2) to (4) amend specified provisions within Schedules 4ZA, 4ZB and 5A of the 1988 Act such that they apply only in relation to England, as this Act restates equivalent provisions for Wales. Paragraph 9(5) omits Part 1 of Schedule 7 to the 1988 Act, as it is restated by this Act.

65. Paragraph 10 omits section 62(2) to (10) of the Local Government Act 2003, which amended provisions in Part 1 of Schedule 7 to the 1988 Act that are omitted by this Act.

66. Paragraph 11 omits section 154(2) and (3)(a) of the Local Government and Elections (Wales) Act 2021. Section 154(2) amended provisions in Part 1 of Schedule 7 to the 1988 Act that are omitted by this Act. Section 154(3)(a) inserted a reference to the Welsh Ministers into section 143(2) of the 1988 Act, and that reference is removed by this Act.

67. Paragraph 12 omits section 15(3) and (4) of the Non-Domestic Rating Act 2023, which amended provisions in Part 1 of Schedule 7 to the 1988 Act that are omitted by this Act.

68. Part 5 (paragraphs 13 to 17) of the Schedule makes amendments relating to section 12 (Information to be provided to valuation officer). Paragraph 13(2)(a), (b), (d) to (f), and (i) to (k) amend paragraphs 5, 5A, 5B, 5C and 5D of Schedule 9 to the 1988 Act to omit from their scope the provision of information to valuation officers. The amended paragraphs continue to deal with the provision of information to a billing authority in Wales and the associated penalty regime.

69. Paragraph 13(2)(c) and (g) amend the headings before paragraphs 5ZC and 5BD of Schedule 9 to the 1988 Act to reflect the application to Wales of the requirements to provide information to valuation officers and associated compliance regime.

70. Paragraph 13(2)(h) substitutes paragraph 5BE(4) of Schedule 9 to the 1988 Act to include a reference applicable to Wales in the definition of "valuation tribunal", in respect of appeals against a penalty notice for failure to comply with the requirements to provide information to valuation officers.

71. Paragraph 13(2)(l) amends paragraph 5E(1) of Schedule 9 to the 1988 Act such that it applies only in relation to England and inserts new paragraph 5E(1A) in relation to Wales. This provides that any sums received by a valuation officer by way of a penalty under the information provision requirements in relation to Wales are paid into the Welsh Consolidated Fund.

72. Paragraph 13(2)(o) amends paragraph 5H of Schedule 9 to the 1988 Act to refer only to paragraphs relevant to the provision of information to an Officer of His Majesty's Revenue and Customs (including a valuation officer). References to paragraphs 5 and 5A, which are amended by this Act to deal only with the provision of information to billing authorities in Wales, are excluded.

73. Paragraph 13(3)(a) amends paragraph 2 of Schedule 11 to the 1988 Act to include paragraphs 5BB and 5BE of Schedule 9 within the jurisdiction of valuation tribunals in Wales. This ensures that the Valuation Tribunal for Wales can handle appeals against penalty notices for failure to comply with the requirements to provide information to valuation officers and officers of HMRC applied to Wales by this Act.

74. Paragraph 13(3)(b) and (c) inserts a new paragraph 11(1A) into Schedule 11 to the 1988 Act to allow regulations to specify that an appeal may be made to the Upper Tribunal following a decision or order of a valuation tribunal on an appeal under paragraph 5BB, 5BE, 5C or 6AA of Schedule 9 to the 1988 Act. Those paragraphs concern compliance with duties to provide information to the VOA, HMRC and local authorities.

75. Paragraph 14 omits paragraph 46 of Schedule 5 to the Local Government and Housing Act 1989, which amended provisions in paragraph 5 of Schedule 9 to the 1988 Act that are omitted by this Act.

76. Paragraph 15 omits section 72(2) of the Local Government Act 2003, which amended provisions in paragraph 5 of Schedule 9 to the 1988 Act that are omitted by this Act.

77. Paragraph 16 omits section 151(2)(a), (c) and (e), (3)(b)(i) and (6) of the Local Government and Elections (Wales) Act 2021, which amended provisions in paragraphs 5, 5A and 5D(1) of Schedule 9 to the 1988 Act that are further amended or omitted by this Act.

78. Paragraph 17 omits paragraphs 42, 48 and 53(b) of the Schedule to the Non-Domestic Rating Act 2023, which amended provisions in Schedule 9 to the 1988 Act that are omitted or further amended by this Act.

79. Part 6 (paragraph 18) of the Schedule makes amendments relating to section 13 (Artificial non-domestic rating avoidance arrangements). Paragraph 18(2)(a) inserts sub-paragraph (ba) into paragraph 2 of Schedule 11 to the 1988 Act, to include appeals under section 63L within the jurisdiction of any tribunal established in relation to Wales by regulations made under paragraph 1 of that Schedule. Paragraph 18(2)(b) inserts reference to section 63L of the 1988 Act into paragraph 11(1A) of Schedule 11 to the 1988 Act (as inserted by paragraph 13(3)(b) of the Schedule to this Act), to allow for regulations to specify that an appeal may be made to the Upper Tribunal following a decision or order of a valuation tribunal on an appeal under section 63L.

80. Part 7 (paragraphs 19 to 21) of the Schedule makes amendments relating to section 14 (Orders and regulations under the 1988 Act). Paragraph 19 amends the 1988 Act in several places to include or substitute references to the powers of Welsh Ministers under new section 143A, inserted by this Act. Section 143 of the 1988 Act is amended to deal only with powers that are not conferred on the Welsh Ministers, including those which may be exercised in relation to Wales.

81. Paragraph 20 omits section 84(4)(a) of the Environment (Wales) Act 2016, which made an amendment to section 143(3) of the 1988 Act that is counteracted by this Act.

82. Paragraph 21 omits sections 151(10) and 152(3) of the Local Government and Elections (Wales) Act 2021, which inserted section 143(9AZA) and (9AB) (omitted by this Act).

PART 2 – COUNCIL TAX

Section 16 – Overview of Part 2

83. This section provides an overview of the sections in Part 2.

Section 17 – Calculation of tax for different valuation bands

84. This section amends section 5 of the Local Government Finance Act 1992 ("the 1992 Act") by inserting new subsections (4B) and (4C). Section 5 makes provision for the amounts of council tax payable in relation to a dwelling to be set by reference to council tax bands, relative to proportions assigned to each band (in Wales) by subsection (1A). Sections 36 and 47 of the 1992 Act provide that the amount payable for each band is to be calculated by applying a formula including the relevant proportion for that band, as divided by "D".

85. Before the amendment, the meaning of the letter "D" in both formulae is fixed as the proportion for Band D.

86. After the amendment, new subsection (4B) gives the Welsh Ministers a power to change the valuation band referred to in the meaning given to "D" by sections 36 and 47. New subsection (4B) also restates, for the Welsh Ministers, the existing powers under subsection (4) to substitute another proportion in relation subsection (1A), and to other valuation bands in relation to subsection (3) (which contains the list of valuation bands for dwellings in Wales). And new subsection (4C) repeats, for new subsection (4B), the equivalent clarification, in respect of subsection (4)(b), in subsection (4A).

Section 18 – Discounts

87. This section disapplies existing provisions in the 1992 Act about discounts from council tax in relation to chargeable dwellings in Wales and inserts new provision about such discounts that are applicable in relation to Wales only.

88. Sections 6 and 9 of the 1992 Act contain provision about liability to council tax in different circumstances. Section 18(2) and (3) amend these sections in so far as they provide for certain persons to be disregarded for the purposes of establishing liability where those persons would otherwise be joint and severally liable. Under sections 6 and 9 as they are amended by section 18(2) and (3), persons will be disregarded for these purposes if they are disregarded for the purposes of a discount in relation to a dwelling in Wales under new section 11E(5) (see below) and are of a description prescribed by the Welsh Ministers in regulations. Section 11 of the 1992 Act provides for nationally set council tax discounts. Section 18(4) amends section 11 of the 1992 Act so that it continues to apply only in relation to England and section 18(5) inserts new section 11E which makes provision in relation to discounts in relation to Wales.

89. Section 11E(1) provides powers for the Welsh Ministers to prescribe by regulations the amount of a discount to which a chargeable dwelling may be subject (or the method for calculating that amount) where either the criteria set out in section 11E(2), or such other criteria as may be prescribed by regulations under section 11E(3), are met in respect of that dwelling. Section 11E(4) clarifies that regulations under section 11E(1) may prescribe a different amount of discount (or different provision for calculating an amount of discount) in relation to different criteria. It also confers on the Welsh Ministers a power to make provision about the amount of council tax payable in respect of a dwelling in respect of which more than one discount applies.

90. The criteria set out in section 11E(2)(a) are equivalent to those set out in section 11(1) and (2)(b) of the 1992 Act but section 11E(2)(b) enables the Welsh Ministers to provide by regulations for other conditions or criteria that must be met for the amount of council tax payable on a chargeable dwelling to be subject to a discount under section 11E(1). Section 11E(6) provides that these conditions or criteria, and also any that are prescribed under section 11E(3), may prescribed by reference to:

91. Section 11E(5) confers a power on the Welsh Ministers to prescribe by regulations who is disregarded for the purposes of the discounts stated in section 11E(2) of the 1992 Act. This power replaces the power in section 11(5) of the 1992 Act which will continue to apply in relation to England only.

92. Section 18(5) also inserts new section 11F into the 1992 Act. This replaces section 12 of the 1992 Act which is omitted by section 18(6). Under section 11F(1) and (3), the Welsh Ministers may, in respect of a financial year, prescribe classes of dwelling to which a discount under section 11E applies by reference to:
    - the type or physical characteristics of, or other matters relating to, dwellings;
    - the circumstances of, or other matters relating to, any person who is liable to the amount of council tax concerned.

93. Under section 11F(2), for any financial year in respect of which such a class of dwellings is prescribed, a billing authority may determine to disapply or reduce the discount in question in relation to dwellings in its area (or such part of its area as the authority may specify).

94. Section 11F(4) to (7) make supplementary provision including a requirement that any determination made by an authority under this section is published electronically.

95. Sections 12A and section 12B of the 1992 Act provide billing authorities with discretionary powers to charge higher amounts of council tax to long term empty dwellings and dwelling periodically occupied respectively.

96. Section 18(7) amends section 12A of the 1992 Act, which makes provision for billing authorities to determine that the amount of council tax payable is increased by a percentage of up to 300. As amended, section 12A will no longer require the billing authority to disapply the no-resident discount as the flip side of the billing authority determining to increase council tax under section 12A (because the no-resident discount is repealed for Wales). Instead, section 12A is amended so that the authority must calculate the amount of council tax payable by, first, adding the percentage increase and then subtracting any discount that applies (see section 12A(1)). A discount will apply for these purposes if it has been prescribed by the Welsh Ministers in regulations made in accordance with section 11E(3) and has not been disapplied by the billing authority under section 11F(2)(a). The amount of the discount that the billing authority subtracts will be the amount of discount as prescribed by the Welsh Ministers in regulations made under section 11E(1) or, if less, as determined by the billing authority under section 11F(2)(b). Section 18(8) makes the same amendment to section 12B of the 1992 Act in relation to properties that are periodically occupied.

97. Subsections (9) to (11) make consequential amendments to other provisions in the 1992 Act.

Section 19 – Reduced amounts

98. Section 19(2) of the Act amends section 13 of the 1992 Act by changing the Welsh Ministers' power to make regulations which prescribe the conditions and circumstances in which a person is eligible for a council tax reduction in to a duty to make such regulations.

99. Section 19 also removes the Welsh Ministers' power to make regulations under section 13A of the 1992 Act requiring that billing authorities make a council tax reduction scheme, and makes various consequential amendments – including the omission of Schedule 1B to the 1992 Act, which made further provision in relation to council tax reduction schemes pursuant to regulations under section 13A.

100. Section 19(6) amends section 66(2) of the 1992 Act, which lists matters within that Act that cannot be questioned except by judicial review, by adding to this list matters contained in regulations made under section 13.

Section 20 – Procedure for the compilation of valuation lists

101. This section makes provision for new council tax valuation lists to be compiled every five years, beginning in 2028, by amending section 22B of the 1992 Act.

102. Before the amendment, the Welsh Ministers may specify, by order, the year in which a new council tax valuation list is to be compiled. There is no requirement for a new list to be compiled at regular intervals.

103. Section 22B(3) of the 1992 Act is amended so that the Welsh Ministers can only exercise their order-making power to specify a year no later than 2027. Section 20(1)(b) of the Act inserts new subsections (3A) to (3C) into section 22B. These set out the new arrangements for the compilation of council tax valuation lists after 2029:

- section 22B(3A) provides that a listing officer for a billing authority in Wales must compile a new list on 1 April in the revaluation year;
- section 22B(3B) sets the revaluation year as 2028 and every fifth year afterwards;
- section 22B(3C) confers on the Welsh Ministers a power by order to amend a revaluation year, or the interval between valuation years.

104. Section 20(1)(d) of the Act inserts subsection (7A) into section 22B of the 1992 Act. This enables the Welsh Ministers to specify, in an order, the date by which listing officers must send a copy of the proposed valuation list to their billing authorities. If the Welsh Ministers do not make such an order, the deadline will be the 1 September before the date on which the list is to be compiled.

105. Section 20(1)(e), (f) and (g) change the system of depositing valuation lists in Wales, for future lists, by disapplying section 22B(10) of the 1992 Act and inserting new subsections (8) and (10A). After the amendment, a billing authority in Wales must:

- keep, electronically, a copy of a list proposed by a valuation officer and take steps to give notice of it;
- deposit, at its principal office, a copy of a list compiled under section 22B(3);
- keep, electronically, a copy of a list compiled under section 22B(3A).

106. Subsection (10) of section 22B of the 1992 Act continues to have effect after the amendment in relation to any Welsh list deposited before section 19 comes into force (because of sections 34 and 37 of the Legislation (Wales) Act 2019). This means that references to 'a list deposited under subsection (10)' that appear elsewhere in the 1992 Act (for example, in section 24(9)) continue to include Welsh lists previously deposited under that subsection.

PART 3 – GENERAL

Section 21 – Interpretation

107. This section defines references to the Acts amended by the Act.

Section 22 – Consequential and transitional provision

108. This section provides that the Welsh Ministers may, by regulations, make incidental, supplementary, consequential, transitional or saving provisions in relation to the provisions contained in this Act.

Section 23 – Coming into force

109. This section sets out how the provisions of this Act come into force. Sections 1, 16, 21, 22 and 24 and paragraph 13(3)(b) of the Schedule (and section 15 in so far as relating to paragraph 13(3)(b)) come into force on the day after the day of Royal Assent.

110. Sections 2, 3, 4 and Part 1 of the Schedule (and section 15 in so far as relating to that Part of the Schedule), 5, 7, 8 and Part 2 of the Schedule (and section 15 in so far as relating to that Part of the Schedule), 9 and Part 3 of the Schedule (and section 15 in so far as relating to that Part of the Schedule), 13 and Part 6 of the Schedule (and section 15 in so far as relating to that Part of the Schedule), 14 and Part 7 of the Schedule (and section 15 in so far as relating to that Part of the Schedule), 17 and 20 come into force at the end of the period of two months beginning with the day of Royal Assent.

111. Sections 6, 10, 11 and Part 4 of the Schedule (and section 15 in so far as relating to that Part of the Schedule) come into force on 1 April 2025.

112. Section 18(2)(c) and (5) come into force on the day after the day of Royal Assent for the purpose of making regulations under section 6(4C)(b)(ii) and (4D) and section 11E(1), (2)(b), (3), (5) and (7) and section 11F(1) and (7) of the (amended) 1992 Act. For all other purposes they come into force on a day (or days) appointed by the Welsh Ministers.

113. The other provisions of the Act come into force on a day (or days) appointed by the Welsh Ministers. An order in this regard may make transitional or saving provision.

Section 24 – Short title

114. This section provides that the Act's short title is the Local Government Finance (Wales) Act 2024.

RECORD OF PROCEEDINGS IN SENEDD CYMRU

115. The following table sets out the dates for each stage of the Act's passage through the Senedd. The Record of Proceedings and further information on the passage of this Act can be found on the Senedd website at:
https://business.senedd.wales/mgIssueHistoryHome.aspx?IId=42241&optionId=0

Stage	**Date**
Introduced	20 November 2023
Stage 1 Plenary - Debate	16 April 2024
Stage 2 Scrutiny Committee – Consideration of amendments	13 June 2024
Stage 3 Plenary - Consideration of amendments	9 July 2024
Stage 4 Plenary - Approved by the Senedd	16 July 2024
Royal Assent	16 September 2024