EXPLANATORY MEMORANDUM TO

The Non-Domestic Rating (Unoccupied Hereditaments) (Amendment) Regulations (Northern Ireland) 2010

SR 2010 No. 37

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under Article 25A(6) of, and paragraph 1(1) to (3) of Schedule 8A to, the Rates (Northern Ireland) Order 1977 (as amended) and is subject to the negative resolution procedure.

2. Purpose

2.1. The purpose of the Statutory Rule is to provide that a property will not give rise to a charge to the unoccupied property rate where the person entitled to possession of the property is a company in administration.

2.2. The Statutory Rule also updates a reference to companies legislation in the Non-Domestic Rating (Unoccupied Hereditaments) Regulations (Northern Ireland) 2007.

3. Background

3.1. Under Article 25A of the Rates (Northern Ireland) Order 1977 (as amended) rates are payable on unoccupied properties that fall within a class prescribed by Regulations.

3.2. The Non-Domestic Rating (Unoccupied Property) Regulations (Northern Ireland) 2007 prescribed all non-domestic buildings or parts of buildings, except those which fall within a class specified in the Schedule to the Regulations.

4. Consultation

4.1. As part of a policy evaluation, a number of stakeholders representing the business and local government sectors were asked for their views on the impact of the policy on the rating of vacant non domestic properties and on options for amending it, including extending the range of exclusions to include companies in administration. An evaluation report, including the findings from the consultation process, will be published.

5. Equality Impact

5.1. An equality impact assessment was carried out as part of the original Non-Domestic Vacant Rating policy formulation process in 2004. This policy was re-examined as part of a further evaluation in 2009.

5.2. It is the Department's assessment that there are no equality impact implications in respect of this Rule.

6. Regulatory Impact

6.1. A regulatory impact assessment was undertaken as part of the wider policy development in respect of Non-Domestic Vacant Rating. This concluded that the risk of the policy having a significant detrimental impact on competition was low. In addition, the policy was, on balance, considered to be beneficial for small businesses.

7. Financial Implications

7.1. The projected revenue loss from adding companies in administration to the list of exclusions is around £1.4m, of which £600,000 will be borne by the district rate.

7.2. The figures cited above assume no new properties will be excluded in the coming year.

8. Section 24 of the Northern Ireland Act 1998

8.1. It is the view of the Department that these Regulations are compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. None associated with this Rule.

10. Parity or Replicatory Measure

10.1. There is currently equivalent legislative provision in GB in relation to the exclusion of companies in administration from an unoccupied rate.

10.2. Provision in England and Wales is contained in the Non-Domestic Rating (Unoccupied Property) (England) Regulations 2008 (S.I. 2008/286 as amended by S.I. 2009/353), and the Non Domestic Rating (Unoccupied Property) (Wales) Regulations 2008 (S.I. 2008/2499 (W.217) as amended by S.I. 2009/255 (W.27)) respectively.

11. Additional Information

11.1. Not applicable.