EXPLANATORY MEMORANDUM TO

The Rates (Exemption for Automatic Telling Machines in Rural Areas) Order (Northern Ireland) 2020

S.R. 2020 No. 110

1. Introduction

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

1.2. The Statutory Rule is made under Article 42(1G) of the Rates (Northern Ireland) Order 1977 ("the 1977 Order") and is subject to the affirmative resolution procedure.

2. Purpose

2.1. The Statutory Rule will reinstate the previously applied rates exemption for separate entries in the Valuation List associated with automatic telling machines (ATMs) in a designated rural area. The exemption will apply to any ATMs which are valued individually, for example, those located outside petrol stations or on high streets. ATMs located in banks, building societies or shops tend to be valued as part of the building and so are, therefore, unlikely to be eligible.

2.2. Article 1 contains the citation and commencement provisions.

2.3. Article 2 of the Statutory Rule specifies a later date of 1st April 2021 for the purposes of the definition of "relevant year" in Article 42(1G) of the 1977 Order with the result that the exemption will continue until 31st March 2021.

2.4. Article 3 revokes the Rates (Exemption for Automatic Telling Machines in Rural Areas) Order (Northern Ireland) 2016 which extended the exemption until 31st March 2017.

3. Background

3.1. In 2007 the Department introduced a package of rural relief measures aimed at businesses in rural areas.

3.2. Although a modest measure this scheme was continued following two evaluation exercises given that it has been proven to assist in the retention of machines in rural areas, and facilitate cash flow for local businesses

3.3. The scheme lapsed during 2017 as a result of the absence of a functioning Assembly. Following the return of the devolved institutions.the Finance Minister and Executive made the decision to reinstate the scheme in the context of the 2020/21 Budget agreement.

4. Consultation

4.1. The exemption was initially introduced in 2007. The scheme was subsequently evaluated twice, and the scheme has also been consulted on as part of non domestic rates review exercises. Although a very modest

intervention, the scheme has been found to assist in the retention of ATMs in rural areas.

4.2. Given the broad support for the scheme, and the fact that it lapsed as a result of the absence of a functional Assembly, the Executive have decided to reinstate the scheme for the current Budget period.

5. Equality Impact

5.1. The impact of the policy on section 75 groups has been examined as part of previous evaluation work on the scheme. No significant differential impacts were identified and the Department considers these findings to remain valid.

6. Regulatory Impact

6.1. Previous Regulatory Impact Assessment work has suggested that the administrative cost of applying the exemption is negligible. It also found that the ATM scheme was unlikely to have any detrimental impact on small businesses, and may actually assist small rural businesses. It is not considered to have a major impact on competition, nor create a competitive advantage for any specific provider of the service. We consider that these findings remain valid.

7. Financial Implications

7.1. The scheme applies to less than 100 ATMs although the numbers will change slightly from year to year. The modest cost of the scheme in 2020/21 is unlikely to change with an overall spend for the scheme estimated continuing to sit at under £200,000.

8. Section 24 of the Northern Ireland Act 1998

8.1. It is the view of the Department of Finance that this Order is compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. The scheme does not give rise to any issues of competition between Member States and therefore is not considered to be State Aid. If deemed to be so, however, the de-minimis provisions would apply. There are no other relevant European Regulations or Directives.

10. Parity or Replicatory Measure

10.1. There are no directly equivalent Statutory Instruments in GB.

11. Additional Information

11.1. Not applicable.