EXPLANATORY MEMORANDUM TO

The Rates (Regional Rates) Order (Northern Ireland) 2014

S.R. 2014 No. 22

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 7(1) and (3) of the Rates (Northern Ireland) Order 1977 ("the 1977 Order") as read with Article 7A of that Order and is subject to the affirmative resolution procedure.

2. Purpose

2.1. The Order fixes the amounts of the regional domestic and regional non domestic rates that are to be used in the assessment of rates and the billing of ratepayers in Northern Ireland for the year ending 31st March 2015. It also fixes the amount of the additional regional rate to be levied on the rateable net annual value of every large retail hereditament in Northern Ireland.

2.2. The Rates (Making and Levying of Different Rates) Regulations (Northern Ireland) 2006 (S.R. 2006 No. 498) authorise different regional rates to be made and levied on the rateable net annual values of hereditaments (non domestic) and the rateable capital values of hereditaments (domestic). Article 7A(2) of the 1977 Order authorises an additional regional rate to be made and levied on the rateable net annual value of every large retail hereditament in Northern Ireland.

2.3. Article 1 contains the citation and commencement provisions.

2.4. Article 2 provides that the Order applies to the financial year ending 31st March 2015.

2.5. Article 3 sets out the non domestic (paragraph (1)) and domestic (paragraph (2)) regional rates for 2014/15. The non domestic regional rate and domestic regional rate are both increased by 2.7 per cent.

2.6. Article 4 sets out the amount of the 2014/15 additional regional rate to be levied on every large retail hereditament. This rate is also increased in line with the 2.7 per cent. regional rate increase.

3. Background

3.1. The annual Regional Rates Order represents the technical outworking of the budget process and as such it is a key element in the annual financial planning cycle. The percentage increases in the regional rates are decided as part of the budget process and contribute towards services provided by Northern Ireland Departments.

3.2. The additional regional rate to be levied on every large retail hereditament was introduced on 1st April 2012 following the findings of the Rating of Commercial Properties consultation which sought to rebalance the burden of rates on

businesses. An additional regional rate will continue to apply until the end of the current budget period (31st March 2015).

4. Consultation

4.1. The proposal for the level of the regional rates during 2014/15 was announced in the Assembly as part of the draft budget announcement on 15th December 2010, and was consulted on within the context of the published draft budget.

5. Equality Impact

5.1. There are no equality impact implications associated with this Rule.

6. Regulatory Impact

6.1. No Regulatory Impact Assessment was prepared. The Order applies the regional rate to all domestic and non domestic property in Northern Ireland through the billing and collection of rates.

6.2. The Regulatory Impact Assessment on the "large retail levy", undertaken when the Rates (Amendment) Act (Northern Ireland) 2012 was made, concluded that the amount of additional regional rates to be levied on all large retail hereditaments would not be detrimental to competitiveness, given that it will apply to all retail premises with a rateable value of £500,000 or above. The levy will only be operational for three years in total. Considering the scale of the levy, its duration and the competition that exists between the large retailers, it was the Department's assessment that this would be unlikely to affect behaviour or long term decisions made by large retailers.

7. Financial Implications

7.1. For the purposes of funding public expenditure, the regional rates will be raised by 2.7 per cent. for 2014/15.

8. Section 24 of the Northern Ireland Act 1998

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

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. There is no corresponding Great Britain legislation.

11. Additional Information

11.1. Not applicable.