EXPLANATORY MEMORANDUM TO

The Rates (Small Business Hereditament Relief) (Amendment) Regulations (Northern Ireland) 2021

SR 2021 No. 111

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 31C of the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28) ("the 1977 Order") and is subject to the negative resolution procedure.

2. Purpose

2.1. These Regulations amend the Rates (Small Business Hereditament Relief) Regulations (Northern Ireland) 2010 ("the 2010 Regulations") so as to provide rate relief in respect of eligible small business hereditaments to 31st March 2022.

2.2. Regulation 1 contains the citation and commencement provisions.

2.3. Regulation 2 amends the definition of "qualifying year" in the 2010 Regulations. This will now be defined as a financial year ending before the 1st April 2022.

3. Background

3.1. Provision was made in the Rates (Amendment) Act (Northern Ireland) 2009 enabling a small business rate relief scheme to be introduced on 1st April 2010.

3.2. This Statutory Rule extends the current scheme for the 2021/22 rating year.

4. Consultation

4.1. No new consultation has been conducted in respect of this specific Rule which continues the small business rate relief scheme for the 2021/22 year, retaining the existing statutory position.

4.2 The Business Rates Review consultation undertaken in 2019 indicated widespread support for some form of small business rate relief in Northern Ireland. The review also denoted a need for further research on the form of that relief. This Statutory Rule, holds the existing policy position for an additional year and it is the intention to review the overall rates support position once the immediate pressures of the ongoing Covid-19 pandemic permit.

5. Equality Impact

5.1. This is a locally based scheme and the Department considers that there is no disproportionate impact on any of the section 75 subgroups.

6. Regulatory Impact

6.1. Due to the automated nature of the scheme the amendment made by this Rule will add no additional cost to businesses in receipt of the relief.

7. Financial Implications

7.1. It is estimated that in 2021/22 just under £20M in rate revenue will again be foregone as a result of the Small Business Rate Relief scheme.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Department of Finance considers the Regulations to be compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. This Rule continues to apply previous measures in order to comply with requirements following EU exit.

10. Parity or Replicatory Measure

10.1. Similar rate relief schemes exist in GB and the scheme that applies in Northern Ireland is based on the Welsh model of support.

11. Additional Information

11.1. Not applicable.