EXPLANATORY MEMORANDUM TO

THE RATING LISTS (VALUATION DATE) (ENGLAND) ORDER 2018

2018 No. 553

1. Introduction

1.1 This explanatory memorandum has been prepared by the Ministry of Housing, Communities and Local Government and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This Order establishes 1st April 2019 as the day by reference to which all non-domestic properties must be valued for the purposes of new local and central non-domestic rating lists when they are next compiled in England.

2.2 The non-domestic rating lists are currently scheduled to be next compiled on 1 April 2022 but the Government has announced that it will bring forward this date to 1 April 2021.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 Sections 41 and 52 of the Local Government Finance Act 1988 ("the 1988 Act") require valuation officers to compile non-domestic rating lists. Previously, new lists had to be compiled every five years starting on 1st April 1990. However, section 29 of the Growth and Infrastructure Act 2013 amended sections 41 and 52 of the 1988 Act so that new rating lists of non-domestic property in England must be compiled in 2017 and every five years subsequently instead of on 1st April 2015 as would have otherwise been the case. Accordingly new lists must next be compiled on 1st April 2022. The Government has announced that it will move the date of the next lists forward to 1 April 2021 and also provide that new lists must then be compiled every three years thereafter[1].

4.2 Rating lists show all non-domestic properties in England in respect of which non-domestic rates are payable and their rateable value. Most properties appear on local rating lists, maintained for the area they are situated in (section 41 of the 1988 Act),

[1] Business rates: delivering more frequent revaluations: summary of responses, paragraphs 1.5 and 1.6. https://www.gov.uk/government/consultations/business-rates-delivering-more-frequent-revaluations

although some large properties which are national in character appear on a central rating list held by the Secretary of State (section 52 of the 1988 Act).

4.3 For the purposes of compiling new rating lists, the rateable value of all non-domestic properties is reassessed. Paragraph 2(3)(b) of Schedule 6 to the 1988 Act gives the Secretary of State the power to specify a day by reference to which that reassessment is to be made. In exercise of that power, this Order specifies 1st April 2019 as the day by reference to which properties will be valued for the purposes of the lists to be next compiled in England. In the absence of an Order being made, the reference day would be the day on which new lists are compiled.

5. Extent and Territorial Application

5.1 The extent of this instrument is England and Wales.

5.2 The territorial application of this instrument is England only.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

What is being done and why

7.1 Revaluations are intended to reflect in business rate bills the relative movements in rental values since the last revaluation. This ensures ratepayers pay their fair share.

7.2 The reassessment of the rateable value of non-domestic properties is based on the market rental value of a property at a specified date – also known as the Antecedent Valuation Date. The Antecedent Valuation Date is normally set exactly two years prior to the date on which new non-domestic rating lists must be compiled and, on this basis, the Antecedent Valuation Date for the purposes of the next lists to be compiled (which the Government has said will be brought forward to 1 April 2021) has been set as 1st April 2019.

7.3 The purpose and timing of the Antecedent Valuation Date is to (a) ensure that all properties are valued on the same basis so that the distribution of the tax burden is fair between different properties; and (b) allow valuation officers the opportunity to collect all available rental and other information so that they can accurately assess rateable values for the purposes of compiling lists. Without establishing an Antecedent Valuation Date, valuation officers would be required to make forward estimates as to the state of the rental market on the day the list was compiled.

8. Consultation outcome

8.1 No consultation has been undertaken as the Antecedent Valuation Date is normally set 2 years prior to the date on which the new list must be compiled.

9. Guidance

9.1 No guidance has been issued.

10. Impact

10.1 The impact of the next revaluation on ratepayers will not be known until rateable values have been assessed by valuation officers and the non-domestic rating multiplier set by the Government.

10.2 An Impact Assessment has not been prepared for this instrument as it amends a local taxation regime.

11. Regulating small business

11.1 The legislation applies to small business. The Valuation Office Agency will seek to minimise the administrative burden upon small businesses when implementing the next Revaluation whilst also ensuring that rateable values are based upon accurate and up to date information.

12. Monitoring & review

12.1 The Government continues to keep the system of business rates under review.

13. Contact

13.1 Nick Cooper at the Ministry of Housing, Communities and Local Government Telephone: 0303 4443610 or email: nick.cooper@communities.gsi.gov.uk can answer any queries regarding the order.