

Explanatory Memorandum to The Non-Domestic Rating (Small Business Relief) (Wales) (Amendment) Order 2013

This Explanatory Memorandum has been prepared by Local Government Finance and Public Service Performance Division and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Non-Domestic Rating (Small Business Relief) (Wales) (Amendment) Order 2013.

Edwina Hart

Minister for Business Enterprise Technology and Science
19 February 2013

1. Description

The Non-Domestic Rating (Small Business Relief) (Wales) Order 2008 (“the 2008 Order”) provides for a small business rate relief scheme for Wales. The Non-Domestic Rating (Small Business Relief) (Wales) (Amendment) Order 2013 amends the 2008 order to extend the provision of an increased level of relief on the rates bills of qualifying business premises until 31 March 2014.

2. Matters of special interest to the Constitutional and Legislative Affairs Committee

None.

3. Legislative background

The powers to introduce and amend a Small Business Rates Relief Scheme are contained in sections 43(4B)(b), 44(9), 143(1) and section 146(6) of the Local Government Finance Act 1988. The functions of the National Assembly for Wales under these provisions were vested in the Welsh Ministers by virtue of paragraph 30 of Schedule 11 to the Government of Wales Act 2006.

4. Purpose and intended effect of the legislation

The provision of a rate relief scheme for small businesses in Wales is an essential part of the Welsh Government’s policy to support smaller businesses and to provide assistance to certain businesses that are important for local communities.

In order to qualify for this relief business premises must

(a) be fully occupied;

(b) not be an excepted premises as defined by the 2008 Order (i.e. those occupied by a council, police authority or the Crown; those occupied by charities, registered clubs, or not-for-profit bodies whose main objectives are philanthropic, religious, concerned with education, social welfare, science, literature or the fine arts; beach huts; property which is used exclusively for the display of advertisements, parking of motor vehicles, sewage works or electronic communications apparatus); and

(c) have a rateable value of £12,000 or less.

The 2008 Order was amended in 2010 (see the Non-Domestic Rating (Small Business Relief) (Wales) (Amendment) (No 2) Order 2010) (“the 2010 (No 2) Order”) so as to make provision for business premises with a rateable value up to £6,000 to receive full relief on their rates bills, and for this relief to be reduced on a tapering basis for most businesses with a rateable value between £6,001 and £12,000. This increase in the provision of relief was to apply between 1 October 2010 and 30 September 2011.

Under the 2010 (No 2) Order -

(a) The following premises defined by the 2008 Order continued to receive relief prescribed by the 2008 Order as this was more beneficial to them:

- all post offices;
- child care premises with a rateable value over £9,000;
- retail premises with a rateable value between £10,500 and £11,000;

(b) All credit unions, and retail premises with rateable values between £11,001 and £12,000, would receive relief prescribed by the 2010 No 2 Order as this was more beneficial to them.

The Non-Domestic Rating (Small Business Relief) (Wales) Amendment Order 2011 (S.I. 2011/995) extended the relief from 30 September 2011 until 30 September 2012. The Non-Domestic Rating (Small Business Relief) (Wales) Amendment Order 2012 (S.I. 2012/465) extended the relief for a further six months until 31 March 2013.

This Order extends the provision of the increased relief for a further twelve months, to 31 March 2014.

5. Consultation

Ministers have agreed to amend the Non-Domestic (Small Business Relief) (Wales) Order 2008, so that the rate relief for certain small businesses which is due to come to an end on 31 March 2013 will remain available until 31 March 2014.

It was necessary to make the amendment to regulations before the end of February 2013 to allow local authorities to prepare the rates bills for businesses that would be correct for the year 2013/2014. Local authorities have been notified of the extension of this scheme and the Minister for Business, Enterprise, Technology and Science has tabled a Written Statement on the extension of the relief.

6. Regulatory Impact Assessment

A regulatory impact assessment has not been produced for this instrument as it simply extends the small business rates relief thresholds for a further twelve months.

The Order has no impact on –

(a) the statutory duties of the Welsh Ministers concerning equality of opportunity (section 77 of the Government of Wales Act 2006), the Welsh language (section 78) and sustainable development (section 79); and

(b) the local government, voluntary sector and business schemes made under sections 73, 74 and 75 of the Government of Wales Act 2006 respectively.