

**Explanatory Memorandum to
The Non-Domestic Rating (Small Business Relief) (Wales) (Amendment)
(No 2) Order 2010 and the Non-Domestic Rating (Collection and
Enforcement) (Local Lists) (Amendment) (Wales) Regulations 2010**

This Explanatory Memorandum has been prepared by the Local Government Finance Division, and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 24.1.

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) (No 2) Order 2010 and the Non-Domestic Rating (Collection and Enforcement) (Local Lists) (Amendment) (Wales) Regulations 2010.

Carl Sargeant

Minister for Social Justice and Local Government

04 September 2010

1. Description

1.1 The Non-Domestic Rating (Small Business Relief) (Wales)

(Amendment) (No 2) Order 2010 amends the Non-Domestic (Small Business Relief) (Wales) Order 2008 to increase the rateable value eligibility thresholds and the value of relief on the rates bills for qualifying business premises with a rateable value up to £12,000 between 1 October 2010 and 30 September 2011

1.2 . The Non-Domestic Rating (Collection and Enforcement) (Local Lists) (Amendment) (Wales) Regulations 2010

amend the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 to allow for different arrangements for the financial years of 2010 to 2011 and 2011 to 2012, so that the increased level of relief is apportioned to the correct parts of the financial years.

2. Matters of special interest to the Constitutional Affairs Committee

2.1 There are no matters of special interest.

3. Legislative background

3.1 The Welsh Ministers make:

The Non-Domestic Rating (Small Business Relief) (Wales) (Amendment) (No 2) Order 2010 in exercise of the powers conferred on the National Assembly for Wales by sections 43(4B)(b), 44(9), 143(1) and 146(6) of the Local Government Finance Act 1988, and

The Non-Domestic Rating (Collection and Enforcement) (Local Lists) (Amendment) (Wales) Regulations 2010 in exercise of the powers conferred on the Secretary of State by sections 143(1) and (2) and paragraphs 1 to 4 of Schedule 9 to, the Local Government Finance Act 1988.

3.2 The powers of the Secretary of State were vested in the National Assembly for Wales by the National Assembly for Wales (Transfer of Functions) Order 1999. The functions of the National Assembly for Wales were vested in the Welsh Ministers by virtue of section 162 of, and paragraph 30 of Schedule 11 to, the Government of Wales Act 2006

3.3 These statutory instruments follow the negative resolution procedure.

4. Purpose & intended effect of the legislation

4.1 The Non-Domestic Rating (Small Business Relief) (Wales) (Amendment) (No 2) Order 2010 makes provision for most 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 business with a rateable value between £6,001 and £12,000.

i) In order to qualify for this relief business premises must

- be fully occupied:
- not be an excepted premises as defined by the 2008 Order (ie 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):
- have a rateable value of £12,000 or less.

ii) The following premises defined by the 2008 Order will continue to receive relief prescribed by the 2008 Order as this will be 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

iii) All credit unions, and retail premises with rateable values between £7,801 and £10,499 and between £11,001 and £12,000, will receive relief prescribed by the 2010 Order as this will be more beneficial to them.

4.2 The Non-Domestic Rating (Collection and Enforcement) (Local Lists) (Amendment) (Wales) Regulations 2010 make provision for local billing authorities to recalculate and issue amended rates bills in respect of financial year 2010-2011, to refund or credit the accounts of ratepayers whose bills have been reduced, and to bill and apportion the relief for 2011-2012.

- i) Local authorities must issue revised rates demand notices as soon as reasonably possible in respect of financial year 2010 – 2011, together with a revised schedule of instalments to be paid. Where a ratepayer is subsequently in credit this amount may be credited against their 2011-2012 rates liability, or, at the request of the ratepayer, be refunded by the local authority.
- ii) Rates demand notices in respect of financial year 2011 – 2012 must show the full liability for the year, and the liability for 1 April – 30 September 2011

(which will be payable in instalments during this period) and 1 October 2011 - 31 March 2012, which will be payable in instalments during this period.

4.3 If this legislation is not made, the Non-Domestic Rating (Small Business Relief) (Wales) Order 2008 will remain in force, and the majority of business premises in Wales would consequently not receive the extra relief between 2010 and 2011.

5. Consultation

No consultation has been carried out as this was a measure announced in the budget in respect of England, and, under the terms of the funding agreement with the Treasury, the costs of the relief will be funded by the UK Government if the relief scheme in Wales is not more generous than that in England.

6. Regulatory Impact Appraisal

A regulatory impact appraisal has not been completed as this legislation confers a benefit on most businesses in Wales at no cost to other sectors. Local authorities will incur additional administrative costs to implement the relief and discussions with them on these will be held.