

EXPLANATORY MEMORANDUM

Explanatory Memorandum to the Non-Domestic Rating (Unoccupied Property) (Wales) (Amendment) Regulations 2009

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

- (i) **Description**
These Regulations amend the Non-Domestic Rating (Unoccupied Property) (Wales) Regulations 2008 to exempt empty business properties with a rateable value between below £15,000 from liability for paying rates from 1 April 2009 until 31 March 2010.

- (ii) **Matters of special interest to the Subordinate Legislation Committee**
None

- (iii) **Legislative Background**
These Regulations will be made under sections 45(1)(d), (9), (10), 143(2), 146(6) of the Local Government Finance Act 1988. These powers were transferred to the National Assembly for Wales by the National Assembly for Wales (Transfer of Functions) Order 1999 and are now vested in the Welsh Ministers by virtue of paragraph 30 of Schedule 11 to the Government of Wales Act 2006.

The Regulations will follow the negative procedure.

- (iv) **Purpose and intended effect of the legislation**
The Chancellor of the Exchequer announced in the Pre Budget Report on 27 November 2008 that the UK Government will fund a temporary exemption of empty business properties with a rateable value between £2,201 and £15,000 from liability for paying rates from 1 April 2009 until 31 March 2010 in England and Wales in order to help them to manage short-term pressures due to the current difficult property market conditions. These regulations apply this exemption to Wales.

- (v) **Implementation**
If this legislation is not made, in Wales industrial properties empty for more than 6 months and commercial properties empty for more than 3 months with a rateable value between £2,201 and £15,000 will pay the full business rate between 1 April 2009 and 31 March 2010. Similar legislation is being made in England.

(vi) **Consultation**

No consultation was undertaken as this is a short term measure conferring a benefit on owners of empty business properties, funded by the UK Government.

Regulatory Impact Assessment –

(a) **Options (for achieving the policy objective – as set out in paragraph (iv) above) –**

Other options were to set either a lower or higher threshold for the exemption of empty properties for liability for non domestic rates.

If a lower threshold had been set, then fewer owners of empty business properties would have benefited from this measure, and the funding specifically for this provided by the Treasury would have been lost to the Welsh economy. If a higher threshold had been set the additional costs of funding this relief would have had to be met by the Assembly Government.

If the threshold at which empty business become liable to pay rates was not raised, the benefits in paragraph (b) would not be realised.

(b) **Benefits**

This will help the owners of affected properties to manage short-term pressures due to the current difficult property market conditions by reducing their rates bills by up to £7,335 in financial year 2009-2010.

(c) **Costs**

There are no costs to the Assembly Government as the Treasury effectively underwrites the cost of any rates relief provided in Wales that replicates that it has agreed to fund in England.

(d) **Competition Assessment**

This has been scored against the competition filter test which indicated that there should be no detrimental effect on competition,

(e) **Consultation**

See paragraph vi of the explanatory memorandum.

(f) **Post implementation review**

The Welsh Assembly Government will keep under review relief for empty properties, taking into account evidence of its effect on the economy provided by the business community, and it will be discussed at meetings of the Local Taxation Working Group, which is attended by local authority and Assembly officials.