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| WRITTEN STATEMENT BYTHE WELSH GOVERNMENT |

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| **TITLE** | **Technical consultation on the decapitalisation rate to be used for non‑domestic rating valuations in Wales** |
| **DATE** | **8 March 2019** |
| **BY** | **Rebecca Evans AM, Minister for Finance and Trefnydd** |

Today I am launching a consultation on the next non-domestic rates (NDR) revaluation in Wales which will take effect in 2021, in line with that in England. The Valuation Office Agency (VOA) is responsible for valuing all non‑domestic property in Wales for the purposes of calculating rates bills.

The main purpose of revaluation, and the associated setting of the multiplier, is to adjust the liability of properties **relative** to other properties in the NDR tax-base. This ensures that liability is spread fairly between ratepayers and is based on up-to-date rental values. This, in turn, ensures that occupiers of all non-domestic properties in Wales pay their fair share of rates based on the latest values.

Work is being undertaken by the VOA to assign new rateable values to all non‑domestic properties in Wales based on estimated rental values as at the Antecedent Valuation Date of 1 April 2019.

The VOA uses three methods for calculating the rateable value of properties depending on the available evidence. One of these, the Contractor’s Basis, is used for specialised properties where there is no evidence available about rental value. Approximately 6,000 non-domestic properties in Wales are valued on the Contractor’s Basis. These properties include utilities, schools, hospitals, heavy industry, fire and police stations, and airports amongst others.

The decapitalisation rate is a key part of the Contractor’s Basis method of valuation. It is a percentage figure used to convert capital value into an annual rental value. It ensures the costs and benefits of owning a property, compared to renting a property, are taken into account when calculating the rateable value of a property. Since 1990, the decapitalisation rate has been prescribed in legislation for each revaluation.

The Welsh Government has issued a technical consultation to gather views on whether decapitalisation rates should be prescribed in legislation, how many rates should be prescribed and how any rates should be calculated. The consultation will run for 12 weeks and responses are requested by **30 May 2019**.

The consultation is available at:

[**https://beta.gov.wales/decapitalisation-rates-wales-non-domestic-rates-revaluation-2021**](https://beta.gov.wales/decapitalisation-rates-wales-non-domestic-rates-revaluation-2021)