Northern Ireland Assembly

Research and Information Service Briefing Paper

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Comparative Overview:

Non-Domestic Rating Systems across the United Kingdom and Republic of Ireland

Public Finance Scrutiny Unit

This Briefing Paper compares existing key provisions of Non-Domestic Rating and its equivalents under current legislation in Northern Ireland, England, Wales, Scotland and the Republic of Ireland; and highlights any recent reform-related developments and announcements.

Introduction

This Briefing Paper was commissioned by the Assembly's Committee for Finance (the Committee). It updates past RaISe Briefing Papers addressing Domestic Rating (NIAR 280-16[1], NIAR 22-23[2] and NIAR 23-2023[3]) and aims to support the Committee's consideration of Non-Domestic Rating Systems; comparing existing key legislative provisions specifying rate-setting, exemptions and reliefs for individual households across the United Kingdom and in the Republic of Ireland – that is, Non-Domestic Rates in Northern Ireland and its equivalents across Great Britain (England, Wales and Scotland), and the Republic of Ireland. Thereafter, the Paper highlights any recent reform-related developments and announcements in each jurisdiction. It is presented as follows:

1. Non-Domestic Rating Systems across the United Kingdom and the Republic of Ireland
2. Summary Comparative Table
3. Recent Reform-related Developments and Announcements; and
4. Key Takeaways.

Potential scrutiny points are highlighted in the Paper when issues arise, or, gaps exist in, currently available information/data. Please note that when relying on this Briefing, note that its contents are not intended to provide legal advice or opinion, and they should not be relied on as either.

[1] http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2016/finance/5916.pdf

[2] Raise Briefing Paper NIAR-22-2023 Domestic and Non-Domestic Rates

[3] http://assemblyapps/RaiseEnquirySystem/RO/ROEnquiryDetails.aspx?ID=4357

1 Existing Non-Domestic Rating Systems across the United Kingdom and Republic of Ireland

Non-Domestic Rates are the most significant tax policy devolved to Northern Ireland. Across the nations of the United Kingdom and in the Republic of Ireland, Non-Domestic Rates - also referred to as Business in England and Wales or, Commercial Rates in the Republic of Ireland - are a property tax paid by occupants of non-domestic properties. In the United Kingdom, Non-Domestic Rates are a property tax on business or non-domestic premises. (Note examples of non-domestic properties that are not business premises include hospitals, churches and schools.) Such rates are the means by which business and non-domestic entities contribute towards the costs of public services.

The rating systems across each jurisdiction have a number of similarities and differences, in relation to how each government has sought to apply tax theory. Non-Domestic Rating in the United Kingdom and Republic of Ireland

Under the prevailing devolution settlements in the United Kingdom, Non-Domestic Rates are devolved to Northern Ireland, Scotland and Wales. Broadly speaking, the system used in Wales and Scotland is similar to that in England. However, that is not the case for Northern Ireland, which has a unique Non-Domestic Rating System within the United Kingdom[4]. As detailed in the following sub-sections of this paper, each system has some similarities, such as:

- Non-Domestic rates are unhypothecated, meaning that the revenue they generate is not earmarked for a specific purpose (this is the same as domestic rates)
- Each stipulates both “reliefs” Each stipulates both “reliefs” (meaning discounts that are available in certain circumstances) and “exemptions” (meaning some businesses do not have to pay any rates)[5].

[4] House of Commons Library Research Briefing: Business Rates (2024)

[5] How Council Tax works: Who has to pay - GOV.UK

The noted systems also have distinct differences; making like for like comparisons between them inappropriate[6] - for example:

- Across the United Kingdom the basic calculation of non-domestic rates bill is determined by multiplying the rateable value of a property by the "multiplier" or "poundage". Properties' rateable values are set by: the Valuation Office Agency (VOA) in England and Wales; the Assessors in Scotland; and, the Land and Property Services (LPS) in Northern Ireland. Whereas in the Republic of Ireland, commercial rates are calculated by multiplying the "Rateable Valuation" by the "Annual Rate on Valuation" (ARV). The "Rateable Valuation" (RV) of a property is determined by the Valuation Office; while the ARV is individually set by the local authority in which the business is located.
- Different valuations dates are used across each jurisdiction.
- Poundages in Northern Ireland vary by District Councils and by authorities in the Republic of Ireland, whereas they are set at a national level in England, Scotland and Wales.
- Local authorities are responsible for collecting non-domestic rates in England, Scotland, Wales and the Republic of Ireland, whereas they are collected by the Land and Property Service (LPS) in Northern Ireland.

These similarities and differences highlight how each government has sought to put tax theory into practice. Further information on tax theory, and proportional, progressive and regressive taxes is set out in Appendix A.

The following sub-sections provide a brief overview of Non-Domestic Rating Systems in: Northern Ireland; England and Wales; and, Scotland.

1.1.1. Northern Ireland

The Rates (Northern Ireland) Order 1977 (the 1977 Order)[7], as amended, provides the statutory basis for levying Non-Domestic Rates in Northern Ireland.

[6] Ulster University Local Government Rates Comparisons 2024

[7] https://www.legislation.gov.uk/nisi/1977/2157/contents

Non-domestic property in Northern Ireland is assessed by the LPS on the basis of its Net Annual Value (NAV). The NAV is based upon an assessment of the annual rental value that the property reasonably could have been expected to let for on the open market on 1 April 2013, as specified under the NAV List (Time of Valuation) Order (Northern Ireland) 2013. The current valuation list for non-domestic properties became operative on 1 April 2020; and is based on rental values as of 1 April 2018.

The Non-Domestic Rates bill is calculated by multiplying the NAV of the property by the Non-Domestic Rate poundage. In Northern Ireland, two factors are combined to calculate the Non-Domestic Rate poundage:

- Non-Domestic Regional Rate: the Regional Rate is set annually by the Northern Ireland Executive; and
- Non-Domestic District Rate: the District Rate is set by the council area in which the business is located.

The current poundages for each District Council Area is set out in Appendix B and range between £0.38 in Mid and east Antrim and £0.25 in Fermanagh and Omagh.

1.1.2. England and Wales

Non-domestic Rates in England and Wales are referred to as Business Rates. The statutory authority to charge Business Rates in England is Part 3 of the Local Government Finance Act 1988 (the 1988 Act), as amended.[8] Liability for business rates in England falls to the occupiers of premises, rather than the owners.

The three main actors in the English and Welsh Business Rating System are:[9]

- Local Authorities
- VOA; and

8 https://www.legislation.gov.uk/ukpga/1988/41/contents

9 http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2016/finance/5916.pdf

- United Kingdom Government and Welsh Assembly.

In England and Wales, Business Rates are calculated based on an estimate of its open market rental value based on a fixed point in time. Thereafter, a “multiplier” is applied in each financial year, which in effect is the pence in the pound paid on a business premises. That multiplier may be raised by a maximum of the inflation rate of the Retail Price Index (RPI) from the previous September.[10]

In England and Wales, for the 2024/2025 tax year the rateable value of the property is based on an estimate of the open market rental value on 1 April 2021. The rateable values are re-assessed every three years, the next valuation is due in 2026[11].

In England, the open market rental value of the property then has a multiplier applied, as determined by the rental value, with the standard multiplier, if the rateable value is £51,000 or more. A small business multiplier is applied, if the rateable value is be below £51,000[12]. Table 1 below shows the multiplier applied for the 2022 to 2023 tax year and to be applied for the 2023 to 2024 tax year:

Table 1: Business rates multiplier for England[13]

Tax year	Standard multiplier	Small business multiplier
2022 to 2023	51.2 pence	49.9 pence
2023 to 2024	51.2 pence	49.9 pence

In Wales, the Welsh Assembly set the multiplier each year, that rate cannot rise by more than the rate of inflation (except in a revaluation year).[14] For the

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10 https://researchbriefings.files.parliament.uk/documents/SN06247/SN06247.pdf pg.8

11 Business rates: How your rates are calculated - GOV.UK

12 https://www.gov.uk/calculate-your-business-rates

13 https://www.gov.uk/calculate-your-business-rates

14 Business Rates in Wales | Business Wales

financial year 2024-25, the multiplier is £0.562. In Wales, there is single multiplier for all business properties.[15]

1.1.3. Scotland

The Local Government (Scotland) Act 1975[16], as amended, most recently by the Non-Domestic Rates (Scotland) Act 2020[17], provides the statutory basis for levying Non-Domestic Rates on the occupier of the non-domestic property in Scotland.[18]

There are three main actors in the Scottish rating system:

- The Scottish Government
- Local Authorities; and
- Scottish Assessors.

In Scotland, Non-Domestic Rates are calculated by multiplying the rateable value of a property by the poundage. The rateable value is based on an estimate of the rental value of the property taken by the Scottish Assessors, based on the "tone date", which currently is the valuation on the 1 April 2022. The tone date for the next revaluation is 1 April 2025.[19]

In Scotland, for the tax year 2024 to 2025, the poundage rate is set at £0.49[20]. In addition to the poundage, Scotland adds an additional property supplement to the poundage based on the rateable value of the property. These rates are as follows[21]:

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[15] [Business Rates in Wales | Business Wales]

[16] https://www.legislation.gov.uk/asp/2020/4/contents

[17] https://www.legislation.gov.uk/asp/2020/4/part/2

[18] http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2016/finance/5916.pdf

[19] www.mygov.scot/non-domestic-rates-guidance/how-your-rateable-value-and-rates-are-calculated

[20] www.mygov.scot/non-domestic-rates-guidance/how-your-rateable-value-and-rates-are-calculated

[21] Non-domestic rates guidance - mygov.scot

Table 2: Non-Domestic Poundages in Scotland

Rate name	Rateable value	Tax rate
Basic property rate ('poundage')	Up to £51,000	49.8 pence
Intermediate property rate	£51,001 to £100,000	54.5 pence
Higher property rate	Over £100,000	55.9 pence

1.6.1. Republic of Ireland

Non-Domestic Rates are referred to as Commercial Rates in the Republic of Ireland. The statutory authority to charge Commercial Rates in the Republic of Ireland derives from The Valuation Act 2001.[22] The Act specifies a list of all rateable properties and those properties exempt.[23] The Commercial Rates payable in any year are calculated by multiplying the Valuation of the property, which is set by the Valuation Division of the Valuation Office by the Annual Rate on Valuation (ARV), which is set by the Local Authority in which the property is located.

The Valuation Office in the Republic of Ireland define ‘Commercial Rates’ as:

> *….an annual charge levied by [a] local authority on the occupation of business properties and vacant commercial properties in its area. The amount of rates levied on a property is based on the valuation of that property multiplied by the (ARV) set each year by [a] local authority.*[24]

[22] https://www.irishstatutebook.ie/eli/2001/act/13/enacted/en/html

[23] https://www.limerick.ie/sites/default/files/media/documents/2017-05/commercial_rates FAQs

[24] https://www.valoff.ie/en/about-us/frequently-asked-questions/general-faqs

It is the responsibility of local authorities in the Republic of Ireland to levy and collect rates.[25] Income derived from Commercial Rates represents a significant percentage of the total income in a local authority.[26]

In the Republic of Ireland, it is the occupier of a property who is legally liable for payment of the rates. However, if the occupier fails to pay, any arrears for the previous two years become the responsibility of the owner or subsequent occupier under the Poor Relief (Ireland) Act 1838[27],[28].

1.7. Reliefs and exemptions to Non-Domestic Rates in the United Kingdom and Republic of Ireland

Various reliefs from liability for business rates, and exemptions from business rates, are available in both the United Kingdom and Republic of Ireland. The available reliefs and exemptions in Northern Ireland, England, Wales and Scotland diverge in a number of ways, as set out in the below sub-sections, along with those in the United Kingdom and Republic of Ireland:

Relief schemes are subject to 'Barnett consequentials'. This means that the overall budget to devolved administrations is adjusted when schemes are implemented or adjusted in England.

1.7.1. Northern Ireland

Various reliefs and exemptions to Non-Domestic Rating is available to certain commercial properties that meet the eligibility criteria, at set out in a range of regulations, including (Hardship Relief) Regulations Northern Ireland (2007)[29], Valuation (Amendment) Act 2015[30] and the Local Government Rates and other

[25] https://www.valoff.ie/en/about-us/frequently-asked-questions/general-faqs

[26] https://www.gov.ie/pdf/?file=https://assets.gov.ie/101119/d132fde1-cb24-44a3-a930-806ed924254f.pdf#page=null

[27] https://www.irishstatutebook.ie/eli/1838/act/56/enacted/en/print.html

[28] https://www.limerick.ie/sites/default/files/media/documents/2017-05/commercial_rates_-_frequently_asked_questions.pdf (Accessed March 2023)

[29] The Non-Domestic Rating (Hardship Relief) Regulations (Northern Ireland) 2007

[30] https://www.irishstatutebook.ie/eli/2015/act/10/enacted/en/html

Matters Act 2019[31]. The aim of these reliefs and exemptions is to support business and promote economic growth. These include[32]:

Reliefs

- Small Business Rate Relief
- Small Business Rate Relief for small Post Offices
- Industrial De-rating
- Sport and Recreation Relief
- Residential Homes Relief
- Non-Domestic vacant property rating
- Hardship Rate Relief
- Rural Automated Teller Machines (ATMs)
- Freight Transport relief; and
- Back in Business scheme.

Exemptions

Charitable Exemption for rates – this includes formally constituted charities and trusts for:

- The advancement of religion
- The advancement of education
- The relief of poverty; and
- Other purposes beneficial to the community.

A paper by Ulster University estimated that in 2020/21 the cost of non-domestic reliefs and exemptions in Northern Ireland was in the region of £225.6 million[33].

A more detailed breakdown of these reliefs and exemptions can be found in the Appendix C of this Paper.

[31] https://www.irishstatutebook.ie/eli/2019/act/24/enacted/en/html

[32] Charitable Exemption for rates | nibusinessinfo.co.uk

[33] Non-domestic Rates

1.7.2. England

Various reliefs and exemptions are specified under the Non-Domestic Rating (discretionary Relief) (amendment) (England) Regulations 2021[34], to support business and promote economic growth. These include[35]:

Reliefs

- Small Business rate relief
- Rural Rate Relief
- Enterprise Zones
- Transitional Relief
- Retail, hospitality and leisure relief
- Local newspaper relief
- COVID-19 additional relief fund
- Supporting small business relief; and
- Hardship Rate Relief.

Exemptions

- Charitable Exemptions; and
- Exempted buildings and empty buildings relief.

A more detailed breakdown of these reliefs and exemptions can be found in Appendix D of this Paper, where further detail is provided on reliefs and exemptions.

1.7.3. Wales

The Welsh Government provide various reliefs and exemptions to Non-Domestic Rates, with the dual aims of supporting business and promoting economic growth. They include[36]:

Reliefs

- Small Business Rate Relief
- Post Offices
- Registered Childcare Premises
- Multiple Occupation Limit

[34] The Non-Domestic Rating (Discretionary Relief) (Amendment) (England) Regulations 2021

[35] Business rates relief: Empty property relief - GOV.UK

[36] Business Rates in Wales | Business Wales

- Hydropower Projects
- Rates relief for empty properties; and
- Hardship Rate Relief.

Exemptions

- Charitable Exemption for rates – up to 100% relief is available at the discretion of Local Authorities if the property is occupied by a non-profit making body and used for eligible purposes.

In Wales, the power to grant reliefs is set out under the Local Government Act 2003[37];and their application is set out in the Non-Domestic Rating (Chargeable Amounts) (Wales) Regulations 2022[38]. A more detailed breakdown of these reliefs and exemptions can be found in Appendix E of this Paper.

1.7.4. Scotland

There is a wide range of legislation specifying reliefs and exemptions from Non-Domestic Rates in Scotland, with the dual aims of supporting business and promoting economic growth. The legislation includes the Non-Domestic Rates (Levying and Miscellaneous Amendment) (Scotland) Regulations 2024, Non Domestic Rates (Levying) (Scotland) Regulations 2007 and The Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2022[39].

The specified reliefs and exemptions include[40]:

Reliefs

- Business Growth Accelerator Relief
- Day Nursery Relief
- Disabled Persons Relief
- District Heating Relief
- Empty Property Relief
- Enterprise Areas Relief
- Fresh Start Relief

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37 Local Government Act 2003

38 Welsh government non-domestic reliefs regulations

39 Non-domestic rates: legislation - gov.scot

40 Non-domestic rates relief - mygov.scot

- Hardship Relief
- Islands and Remote Areas Hospitality Relief
- Renewable Energy Generation Relief
- Rural Relief
- Small Business Bonus Scheme
- Telecommunications Relief
- Transitional Reliefs; and
- Charitable Exemption for rates (Registered charities can apply for 80% rates relief, if their property is mostly used for charitable purposes).

A more detailed breakdown of these reliefs and exemptions can be found in the Appendix F of this Paper.

1.7.5. Republic of Ireland

In the Republic of Ireland, limited reliefs and exemptions exist in relation to Commercial Rates. The most prevalent is the Vacant Property Refund. The Local Government Act 1946[41] specifies that the owner of an unoccupied property on the date the rate is struck is liable for Commercial Rates. However, the owner is eligible for a refund, if the property is vacant for the following specified purposes:

- The premises are unoccupied for the purpose of additions, alterations or repairs
- The owner is truly unable to obtain a suitable tenant at a reasonable rent; and
- The premises are vacant pending redevelopment.

The collection of rates and the determination of refund eligibility in this context are matters for each individual local authority. The Local Government Reform Act 2014[42] empowers elected members of individual local councils the ability to vary the level of rates refunds that apply in that local council area. The Act enables local councils to offer less than 100% refund and to vary the level of refund for

[41] https://www.irishstatutebook.ie/eli/1946/act/24/section/14/enacted/en/html#sec14

[42] https://www.irishstatutebook.ie/eli/2014/act/1/v

vacant properties. Since the Act's introduction, a number of local authorities have taken the decision to reduce the percentage refund of rates available.[43]

Under the Local Government (Rates) Act 1970[44], a rating authority may make and carry out a scheme by issuing a waiver that extends to all or a portion of commercial rates that are due by ratepayers in respect of a specified class or classes of property. Such a scheme is subject to the consent of the Minister for Housing, Local Government and Heritage. No rate waiver schemes have been consented to in respect of commercial property.[45]

Part 9 of the Local Government Act 2001[46] empowers local authorities to provide grants, loan guarantees or other financial aid, in order to promote the interests of the local community, including economic interests. Some local authorities have designed and introduced business incentive schemes aimed to promote the use of vacant commercial property. Unlike rates waiver schemes, no Ministerial authority is required to set up these schemes.

Only a portion of the of the Local Government Rates and Other Matter Act 2019[47] has been commenced. Section 15 allows a local authority to introduce rates alleviation schemes to support the implementation of policy objectives, including: local economic and community plans; objectives contained in development plans and local area plans; and national planning policies[48]. Section 15 is currently not commenced. It provides local authorities with more options to introduce exemptions and reliefs in the future.

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43 A list of the levels of reduction can be found at the following - https://www.oireachtas.ie/en/debates/question/2022-03-29/335/?highlight%5B0%5D=rates&highlight%5B1%5D=commercial

44 https://www.irishstatutebook.ie/eli/1970/act/2/enacted/en/print.html

45 https://www.oireachtas.ie/en/debates/question/2022-03-29/335/?highlight%5B0%5D=rates&highlight%5B1%5D=commercial

46 https://www.irishstatutebook.ie/eli/2001/act/37/enacted/en/html

47 https://www.irishstatutebook.ie/eli/2019/act/24/enacted/en/html

48 https://www.oireachtas.ie/en/debates/question/2022-03-29/335/?highlight%5B0%5D=rates&highlight%5B1%5D=commercial

2 Summary Comparative Table

The following table provides a high-level overview of Non-Domestic rates in each jurisdiction.

Table 3: Non-Domestic Rating System or its equivalent across the United Kingdom and in the Republic of Ireland

Issue	Northern Ireland: Non-Domestic Rates	England & Wales: Non-Domestic Rates	Scotland: Non-Domestic Rates	Republic of Ireland: Commercial Rates
Prevailing legislation	Rates (Northern Ireland) Order 1977 Rates (Small Business Hereditament Relief) (Amendment) Regulations (Northern Ireland) 2022	Local Government Finance Act 1988 (the 1988 Act) Non-Domestic Rating (Small Business Rate Relief) (England) Regulations 2023 Non-Domestic Rating Act 2023 Non-Domestic Rating (Chargeable Amounts) (Wales) Regulations 2022	The Local Government (Scotland) Act 1988 Non-Domestic Rates (Scotland) Act 2020	Finance (Local Property Tax) Act 2012 Tailte Eireann Act 2022
Billing authorities	Land and Property Services (LPS)	Local Government	Local Government	Local Authorities
Form of tax	Unhypothecated	Unhypothecated	Unhypothecated	Unhypothecated
Current rates and date struck	- Calculated based in three parts; 1. Net Annual Value (NAV); 2. Regional Rates and 3. District Rate -(NAV) is based on what the property would have been rented for on 1 October 2021.	Calculated based on an estimate of its open market rental value based on a fixed point in time. Thereafter, a “multiplier” is applied in each financial year. Based on rental value of property - 2021	Calculated by local assessors, based on factors such as rent and floor space as of 2022 values.	Calculated by multiplying the rateable value (as determined by Tailte) by the multiplier set by local authorities (the Annual Rate Valuation). Based on 2023 Valuations.

Reliefs & Exemptions	Non-Domestic Rates reliefs include: • Small Business Rate Relief • Small Business Rate Relief for small Post Offices • Charitable Exemption for rates • Sports and Recreation Rate Relief • Residential Homes Rate Relief • Industrial Derating • Non-Domestic Vacant Rating • Hardship Rate Relief • Back in Business rate support Exemptions include: • Places of public religious worship • Fish farms • Most farmland and farm buildings • Sewers • Some properties used by people with disabilities	<u>England:</u> Available reliefs include: • Small business rate relief • Charitable relief • Rural rate relief •Telecommunications relief • Enterprise zone relief • Local newspaper relief Exemptions include: • agricultural land and buildings, including fish farms • buildings used for the training or welfare of disabled people • buildings registered for public religious worship or church halls <u>Wales</u> <u>Reliefs include:</u> • Small Business Rate Relief • Post Offices • Registered Childcare Premises	• 100% relief, capped at £110,000 per business, for hospitality properties (including grassroots music venues with a capacity of 1,500) on islands and specified remote areas • 40% relief, capped at £110,000 per business, for hospitality premises with rateable values up to £51,000, including grassroots music venues with a capacity of 1500	No major reliefs for business; however, the tax rates (the multipliers) set by individual local authorities are typically 25c per €1 of assessed value. -state sector properties in Ireland are not currently rateable. -Some reliefs for properties occupied by eligible charities such as, properties that provide accommodation for people: • with a particular need, for example, old age or mental or physical disability and • who require special accommodation and support to enable them to live in the community

		• Multiple Occupation Limit • Hydropower Projects • Relief for empty properties; and • Hardship Rate Relief. Exemptions include: Charitable Exemption for rates – up to 100% relief is available at the discretion of Local Authorities.		

Vacant property taxes/premiums	For non-domestic vacant properties with a NAV under £2,000, receive a 100% reduction towards vacant rates Non-domestic properties that are unoccupied, unfurnished, and not used for storage, with a NAV over £2,000, can avail of a three-month vacant period plus 50% reduction every month thereafter[49]	Since 2008, owners of empty property in England and Wales are liable to pay the full business rate The empty property is exempt for a three-month period from the date on which the property became empty (six months for industrial and storage premises)[50]	Since 2013, empty properties are entitled to 50% relief for the first three months, followed by 10% relief as long as they remain empty[51] Certain properties can receive 100% relief when they are empty. The Non-Domestic Rates (Scotland) Act 2020 repealed the Scottish Government's powers to give empty property relief as of April 2022. Local authorities still have the power to give empty property relief via the Community Empowerment (Scotland) Act 2015. Since 2018/19, 'Fresh Start relief' -100% discount for 12 months on empty properties which have been brought back into use after being empty, since 2018 Properties must have been empty	

			for at least six months, and have a rateable value of under £100,000	

3 Recent Reform-related Developments and Announcements

In Northern Ireland, for a number of years, a number of stakeholders and others have advocated for reform of the current Non-Domestic Rating System[52] . Recent relevant developments and announcements in this area include the following:

3.1 Northern Ireland

1. **September 2023** - The (then) Secretary of State (SoS) directed to Permanent Secretaries of Northern Ireland Civil Service departments to launch consultations on measures to support budget sustainability by raising additional infrastructure. As a result, in November 2023 the Department of Finance (DoF) issued a consultation paper on proposed options to reform Domestic and Non-domestic Rates in Northern Ireland[53]. This consultation paper sets out four proposed changes to the Non-domestic Rating system:
   - The removal of Industrial derating
   - The removal of Non-domestic vacant rating relief
   - The removal of the freight transport relief; and
   - The removal of halls of residence exemption.

See below at September 2024 for a summation of key points arising from consultee responses in relation to Non-Domestic Rates.

[49] Non-Domestic Vacant Rating | nibusinessinfo.co.uk

[50] House of Commons Library Rates briefing paper: SN06247.pdf

[51] Non-Domestic Rating (Unoccupied Property) (Scotland) Amendment Regulations 2013

[52] Secretary of State writes to Northern Ireland Civil Service on sustainable public finances - GOV.UK

[53] Revenue Raising Consultation Summary Report

2. **January 2024 -** The United Kingdom Government published a Command Paper (Safeguarding the Union), which set out the political agreement to restore the devolved Northern Ireland Assembly and Executive. The agreement comprises two main elements: changes to the Windsor Framework; and, measures relating to Northern Ireland's constitutional status. Amongst other things, the agreement was designed to: "Reassert and strengthen Northern Ireland's place in the United Kingdom and its internal market"; "Guarantee the smooth flow of Great Britain to Northern Ireland trade"; and, "Provide clear statutory protections that go further than ever before, to provide reassurance that there will be no diminution in Northern Ireland's place in the Union without consent".
3. **February 2024** – The United Kingdom Government announced a spending settlement for the restoration of the Northern Ireland Executive worth over £3.3 billion. Part of this settlement included a commitment to raise £113 million of "locally generated income", as well as other measures such as the establishment of a Public Service Transformation Board and the implementation of a Budget Sustainability Plan to support long-term fiscal stability.
4. **April 2024** – Land and Property Service began a revaluation exercise of Non-Domestic Rates. Businesses are issued with a questionnaire to be completed by December 2024. Rates bills based on the new valuations are expected to be issued in April 2026.
5. **May 2024** - The Northern Ireland Executive published an Interim Fiscal Framework[54], which sets out the agreement between the Executive and the United Kingdom Government, and its associated funding package. The Framework notes: the need to raise at £113 million additional revenue in 2025/26; and, the main source of revenue raising is Domestic and Non-Domestic Rates.
6. **September 2024** – The Department of Finance published their analysis of responses to the September 2023 public consultation[55];summarising key

[54] Northern Ireland Executive's Interim Fiscal Framework - 21 May 2024

[55] DoF Rates Consultation Response Analysis 2024

themes from 1,406 responses. Respondents were broadly in favour of maintaining – not removing - **Industrial De-rating** support. Respondents also highlighted challenges facing this sector, such as Brexit/United Kingdom exit from the European Union and energy price increases. Moreover, respondents were broadly in favour of maintaining **Non-Domestic Vacant** rates support, . Arguments for retention included: "some unused property is a liability for an owner in the current market rather than an asset; and also planning here is perceived as so difficult that developers can wait many years for change of use permission". Respondents were also broadly in favour of maintaining a support for **Freight Transport** rates, with respondents highlighting freight transport companies in Northern Ireland already "massively" geographically disadvantaged than their competitors. Finally, there was a mixed response to the proposal to remove exemptions from **Halls of Residence**, with respondents both highlighting: the inequity of exemptions for halls of residence but not other forms of student accommodation; and, the potentially negative impacts on the poorest students if exemptions were removed.

7. **October 2024** - Northern Ireland Executive Budget Sustainability Plan[56] notes that: Regional Rates are the Executive's "*primary lever for revenue generation"* and any increase in income through the Regional Rates would form an important component of sustainable funding of public services. However, the Plan also notes that any increase to Regional Rates requires a balanced approach of adjusting the headline rate, whilst expanding the taxable base through development incentives and property regeneration, and implementing comprehensive economic policies to stimulate further tax base growth. The Plan acknowledges that a multifaceted strategy is therefore required, to ensure a sustainable and equitable increase in regional revenue. Sharp rate increases in rates may have a negative effect on the expansion of the taxable base and therefore be detrimental to the overall objective of increasing the funding available to the Executive in a sustainable way to deliver on key public services.

[56] Northern Ireland Executive, Budget Sustainability Plan. October 2024.

8. **December 2024** - The (then) Minister of Finance made an Oral Statement to the Assembly on Rating Policy, including her Strategic Roadmap on Rating Policy[57]. That Roadmap, amongst other things, set out a number of proposals for the reform and refinement of domestic rating in Northern Ireland over the short and medium to long term, including:
   - Comprehensive review of the Small Business Rate Relief
   - Review of the Non-Domestic Vacant Rating; and
   - Implementation of First Occupier Discounts.

   The Roadmap also "*states that Every single rating support measure will be reviewed over the remainder of a 10 year cycle in clusters of policies selected and grouped for each year by either theme or urgency".*

9. **December 2024** – The Department of Finance launched a public consultation on the 2025 - 2026 Draft Executive Budget[58]. Amongst other things, the consultation documents highlight that Regional Rates are the most significant source of revenue raising for Northern Ireland and that the Draft Executive Budget is "predicated on a proposed uplift to the Regional Rate of 5% for domestic properties". It is anticipated that £732.3M revenue will be raised in 2025 – 2026 across both Domestic and Non-Domestic Rates. The consultation document also notes that the Department of Finance intend to continue with a "strategic rolling review of rating support in the 2025-26 year. The process will then continue until every single support measure within the rating system is evaluated".

Potential Scrutiny Points:

1. Has the Department of Finance provided the Committee for Finance with full details of any modelling (including underlying assumptions) on the level of revenue that would be collected

[57] Minister of Finance Oral Statement Rating Policy. 9 December 2024.

[58] DoF Budget 2025-26

annually as a result of the proposed amendments to Non-Domestic Rates - at both regional and sub-regional levels?

2. Has the Department of Finance or, the Executive provided any details on anticipated timescales for the implementation or further consideration of the proposed options for Non-Domestic Rates reform?

3. Has the Department of Finance provided any further details on the anticipated timescales for the review of rating support measures?

4. Has the Department of Finance or, the Executive provided any details on any other options for the reformations of Non-Domestic Rates that were considered or could be considered in the future?

3.2 England and Wales

3.2.1 Business Rates Transformation in England

In the 2024 Autumn Budget, the United Kingdom Chancellor announced her intention to transform Business Rates in England[59]. The range of measures set out in the Transformation Plan include:

- An intention to introduce permanently lower multipliers for retail, hospitality and leisure (RHL) properties with a rateable value (RV) under £500,000 from April 2026-27
- An intention to fund this sustainably via a higher multiplier on all properties with RV of £500,000 and above, which includes the majority of large distribution warehouses including those used by online giants
- Providing support for retail, hospitality and leisure properties in the interim period leading up to the new permanent multiplier by providing 40% relief

[59] Transforming business rates - GOV.UK

to RHL businesses on their business rates in 2025-26, up to a cash cap of £110,000 per business.

- Protecting the smallest properties by freezing the small business multiplier in 2025-26 and protecting over a million properties from inflationary bill increases.

It is important to note that since the Covid-19 pandemic, a one-year RHL relief has been repeatedly rolled over as a temporary stop-gap for England, meaning English RHL businesses have been benefiting from temporary business rates relief in each year since 2020-21 – that is:100% in 2020-21; 100% from April 2021-June 2021; then 66% from June 2021 to March 2022; 50% in 2022-23; 75% in 2023-24; and, 75% in 2024-25 – for up to £110,000 per business.

As this measure is to be implemented only in England, the Northern Ireland Executive is to receive a Barnett consequential. As Barnett consequentials are unhypothecated, the Executive then is to decide how that consequential would be spent. However, it is important to note that in 2024-25 the Executive received a Barnett consequential when RHL businesses relief was introduced in England (which provided up to 75% off rates bills for those businesses)[60].

It is important to note that Barnett consequentials received by the Executive are to be added into the Baseline for the following years. As the Executive is to receive a Barnett consequential in 2025-26 based on the lower 40% rate relief, it is to receive a negative Barnett consequential in 2025-26; equating to approximately £80 million[10]. Simply stated, that means the Northern Ireland block grant will be about £80 million less than it would have been otherwise, to reflect the reduction in reliefs for businesses in England.

In addition to these specific proposals, the Chancellor also set out plans to tackle business rates avoidance and evasion and to make the system more responsive by undertaking valuations within a shorter time frame. It remains to be seen as to how those plans will be implemented.

3.2.2Wales

[60] Business rates relief: Retail, hospitality and leisure relief - GOV.UK

In 2022, the Welsh Government consulted on a wide range of changes to Non-Domestic Rates[61]. In 2024, legislation was enacted to reform them – specifying the following[62]:

- Increase how often the values of all non-domestic properties in Wales are updated, to once every three years
- Provide more flexibility to make changes to reliefs and exemptions
- Enable changes to the calculation of payments for different categories of ratepayers
- Close known tax avoidance arrangements and increase the ability to tackle future avoidance in a more responsive way; and
- Enable improvements to the information provided by ratepayers.

In December 2024, the Welsh Government announced that it will cap the increase for the business rates multiplier to 1% for 2025/26, despite calls for it to be frozen. Subject to ratification by the Welsh Senedd, the multiplier for 2025/26 will be 56.8p, a rise from 2024/25, which currently stands at 56.2p[63].

RLH Relief for 2025/26 will remain the same at 40%, subject to a cap of £110,000 per business, which mirrors England and Scotland limits. The Welsh Government noted that these measures equate to around £335 million of support to ratepayers in 2025/26.

3.2.3Scotland

The reform of Non-Domestic Rates in Scotland has been on-going for a number of years. Most recently, a number of changes were announced to Scottish Tax policy, including changes to Non-Domestic Rates for 2025-26[64]. In addition to revaluation of properties in 2026 and increasing the rates by £0.01 to raise additional revenue, Scottish Government has proposed the continuation of the following reliefs for 2025 and 2026:

[61] Non-domestic rates consultation responses. Welsh Government 2023

[62] Senedd passes Bill to reform local tax system in Wales | GOV.WALES

[63] Welsh Government announce business rate changes in budget 2024

[64]Scottish Budget 2025 to 2026: Scottish tax ready reckoners - gov.scot

- **Revaluation Frequency**: The revaluation of properties will now occur every three years instead of every five years, to better reflect changes in the property market.
- **Rateable Value Assessments**: The assessments are now based on rents one year before the "tone date," which is the date used for valuation.
- **Relief Extensions**: The 100% relief for hospitality properties on islands and specified remote areas has been extended to 2025-2026. Additionally, a 40% relief for hospitality properties with rateable values up to £51,000 has been introduced.
- **Anti-Avoidance Measures**: New regulations have been introduced to tackle anti-avoidance practices, allowing councils to retain 50% of non-domestic rates revenue raised from these measures.
- **Telecommunications Relief**: The relief for telecommunications mobile masts has been extended to 31 March 2031.
- **District Heating Relief**: The 90% renewables district heating relief has been extended until 31 March 2027 and expanded to include all district heating networks, where at least 80% of the thermal energy generated derives from renewables.

These changes aim to support business growth and ensure a fairer and more up-to-date system for Non-Domestic Rates in Scotland.

3.2.4Republic of Ireland

Commercial Rates in the Republic of Ireland have recently been reviewed, and the amended legislation came into force in January 2024. These changes amend the Local Government Rates and other Matters Act 2019[65]. It should be noted that:

- Failure to pay rates before completion of a sale is now a criminal offence. This means that commitments to pay outstanding rates from sale proceeds after completion will no longer be possible.

[65] https://www.irishstatutebook.ie/eli/2019/act/24/enacted/en/html?form=MG0AV3

- The former practice of having rates payable in half-yearly “moieties” is now replaced by a single annual charge.
- Failure without reasonable excuse to notify the local authority of a change to the liable person for rates purposes, and failure to notify changes to information on the local authority database of relevant properties are now criminal offences.
- A sale of owner-occupied property will trigger a notification obligation on both the vendor and purchaser with other transactions potentially triggering similar notification obligations on both parties, for example landlords and tenants on the grant of a lease.
- To ensure liable persons can comply with their obligation to pay rates before completion, they can apply to the local authority for confirmation of any unpaid rates and accrued interest at the expected completion date or confirmation that there are no outstanding amounts payable by that liable person. The local authority must respond within 10 working days.
- Failure by an owner/liable person to pay rates will trigger a statutory charge on the property which continues to apply without a time limit until the rates are paid in full.
- Any charge for unpaid rates falls away on the sale of the property, so there are no consequences for a purchaser if the vendor defaults on its obligation to pay rates before completion. Unpaid rates remain a personal liability of the vendor.

4 Key Takeaways

While Northern Ireland is the only region that still applies a rating system in relation to both Domestic and Non-Domestic properties. Business Rates are applied in England and Wales; whereas both Scotland and Northern Ireland refers to these as Non-Domestic Rates. In the Republic of Ireland, Commercial Rates apply to non-domestic properties.

Across all governments in the United Kingdom (central and devolved) and in the Republic of Ireland, it appears that all, in essence, follow a similar formula when calculating Non-Domestic Rates (Business or Commercial). That calculation is based on the rental value of the property, multiplied by an additional factor - referred to a poundage called the multiplier or ARV. The setting of this additional factor varies across each Devolved Administration, or is set by either central government, local authority or both.

Moreover, in the United Kingdom, each Devolved Administration and Central Government provide reliefs and exemptions to businesses in relation to their rates bill. Across all, there are a number of common reliefs and exemptions, including: a charitable exemption; small business relief; empty property relief; and, hardship relief. However, the eligibility criteria and level of support varies, depending on the administration. Other reliefs and exemptions operate in each, with some similar to other nations. While other reliefs and exemptions also exist in those jurisdictions to address specific issues or promote particular types of business; usually aligning with government policy and strategy.

In the Republic of Ireland, some reliefs and exemptions do exist, but are more limited. In the near future, if the Local Government Rates and Other Matter Act 2019[66] is fully commenced, the ability for local authorities to provide more support is expected to be increased.

While variation exists across the United Kingdom and in the Republic of Ireland, the basic formula for calculating both domestic and non-domestic rates or their equivalent is broadly similar. The most variation exists in the reliefs and exemptions, which are used to address issues and policies that the each attempts to address.

Key differences between the jurisdictions lie in the scope of the tax and those differences are constantly evolving. For instance, in England since April 2017 small business properties, that is those assessed at £12,000 rateable value or less, pay no rates (that is, they are exempt); a generous measure made possible by the size and nature of the tax base there, where big business contributes more to the economy, and consequently, more in rates. Scotland

[66] https://www.irishstatutebook.ie/eli/2019/act/24/enacted/en/html

also has a more generous Small Business Rate Relief scheme than in Northern Ireland[67].

Another interesting note is that Scotland, Wales and the Republic of Ireland have recently introduced regulations to support anti-avoidance / non-payment measures, in order to maximise the level of revenue collected.

Potential Scrutiny Point:

5. Has the Executive considered enhancing its powers to address he avoidance or non-payment of Non-Domestic Rates as part of the broader review and reform of Rating Policy?

[67] A Guide To Rates

Appendices

A. Extract from Britannica Money, entitled Taxation - Proportional, Progressive, Regressive

Proportional, progressive, and regressive taxes

Taxes can be distinguished by the effect they have on the distribution of income and wealth. A proportional tax is one that imposes the same relative burden on all taxpayers—i.e., where tax liability and income grow in equal proportion. A progressive tax is characterized by a more than proportional rise in the tax liability relative to the increase in income, and a regressive tax is characterized by a less than proportional rise in the relative burden. Thus, progressive taxes are seen as reducing inequalities in income distribution, whereas regressive taxes can have the effect of increasing these inequalities.

The taxes that are generally considered progressive include individual income taxes and estate taxes. Income taxes that are nominally progressive, however, may become less so in the upper-income categories—especially if a taxpayer is allowed to reduce his tax base by declaring deductions or by excluding certain income components from his taxable income. Proportional tax rates that are applied to lower-income categories will also be more progressive if personal exemptions are declared.

Income measured over the course of a given year does not necessarily provide the best measure of taxpaying ability. For example, transitory increases in income may be saved, and during temporary declines in income a taxpayer may choose to finance consumption by reducing savings. Thus, if taxation is compared with "permanent income," it will be less regressive (or more progressive) than if it is compared with annual income.

Sales taxes and excises (except those on luxuries) tend to be regressive, because the share of personal income consumed or spent on a specific good declines as the level of personal income rises. Poll taxes (also known as head taxes), levied as a fixed amount per capita, obviously are regressive.

It is difficult to classify corporate income taxes and taxes on business as progressive, regressive, or proportionate, because of uncertainty about the ability of businesses to shift their tax expenses (see below Shifting and incidence). This difficulty of determining who bears the tax burden depends crucially on whether a national or a subnational (that is, provincial or state) tax is being considered.

In considering the economic effects of taxation, it is important to distinguish between several concepts of tax rates. The statutory rates are those specified in the law; commonly these are marginal rates, but sometimes they are average rates. Marginal income tax rates indicate the fraction of incremental income that is taken by taxation when income rises by one dollar. Thus, if tax liability rises by 45 cents when income rises by one dollar, the marginal tax rate is 45 percent. Income tax statutes commonly contain graduated marginal rates—i.e., rates that rise as income rises. Careful analysis of marginal tax rates must consider provisions other than the formal statutory rate structure. If, for example, a particular tax credit (reduction in tax) falls by 20 cents for each one-dollar rise in income, the marginal rate is 20 percentage points higher than indicated by the statutory rates. Since marginal rates indicate how after-tax income changes in response to changes in before-tax income, they are the relevant ones for appraising incentive effects of taxation. It is even more difficult to know the marginal effective tax rate applied to income from business and capital, since it may depend on such considerations as the structure *of depreciation allowances, the deductibility of interest, and the provisions for inflation adjustment. A basic economic theorem holds that the marginal effective tax rate in income from capital is zero under a consumption-based tax.*

Average income tax rates indicate the fraction of total income that is paid in taxation. The pattern of average rates is the one that is relevant for appraising the distributional equity of taxation. Under a progressive income tax the average income tax rate rises with income. Average income tax rates commonly rise with income, both because personal allowances are provided for the taxpayer and dependents and because marginal tax rates are graduated; on the other hand, preferential treatment of income received predominantly by high-income households may swamp these effects, producing regressivity, as indicated by average tax rates that fall as income rises.

B. Northern Ireland Non-domestic Poundages[68]

Council area	Non-domestic district rate (£)	Non-domestic regional rate (£)	Total Non-domestic rate poundage (£)	Domestic district rate (£)	Domestic regional rate (£)	Total domestic rate poundate (£)
Antrim & Newtownabbey	0.275128	0.2902	0.565328	0.004094	0.005042	0.009136
Ards and North Down	0.278467	0.2902	0.568667	0.004095	0.005042	0.009137
Armagh City, Banbridge & Craigavon	0.299353	0.2902	0.589553	0.005067	0.005042	0.010109
Belfast	0.309162	0.2902	0.599362	0.004056	0.005042	0.009098
Causeway Coast & Glens	0.295282	0.2902	0.585482	0.004762	0.005042	0.009804
Derry City & Strabane	0.377408	0.2902	0.667608	0.00607	0.005042	0.011112
Fermanagh & Omagh	0.2557	0.2902	0.5459	0.004223	0.005042	0.009265
Lisburn & Castlereagh	0.256984	0.2902	0.547184	0.003658	0.005042	0.0087
Mid & East Antrim	0.382215	0.2902	0.672415	0.005295	0.005042	0.010337
Mid Ulster	0.269452	0.2902	0.559652	0.003983	0.005042	0.009025
Newry, Mourne and Down	0.290334	0.2902	0.580534	0.004676	0.005042	0.009718

68 Rate Poundages | Department of Finance

C. Northern Ireland Reliefs and Exemptions[69]

Relief	Detail
Small Business Rate Relief	Small Business Rate Relief (SBRR) scheme is a Northern Ireland government initiative, whose aim is to support the growth and sustainability of small businesses in Northern Ireland, by providing some small business owners with rate relief. The SBRR provides different levels of rate relief depending on the Net Annual Value (NAV) of the business property. Qualifying businesses will receive the rate relief automatically on their annual bill during the life of the support scheme. There is no need to apply for SBRR. The SBRR scheme came into effect in April 2010 initially for a term of five years but has since been extended annually on review. The SBRR has been extended for another year covering the 2024-25 rating year. There are three levels of SBRR: business properties with a NAV of £2,000 or less will receive a reduction of 50% rate relief; • business properties with a NAV of more than £2,000 but not more than £5,000 will receive 25% rate relief • business properties with a NAV of more than £5,000 but not more than £15,000 will receive a 20% rate relief Exclusions include: unoccupied properties; partially unoccupied properties; Automatic Telling Machines (ATMs); property used for the display of advertisements; car parks; sewage works; telecommunications masts; government buildings; industrial derating.
Small Business Rate Relief for small Post Offices	The Small Business Rate Relief for small Post Offices is a Northern Ireland government initiative that includes enhanced rate relief for small Post Offices. The aim of the rate relief scheme is to help maintain services in disadvantaged areas, particularly smaller, independent Post Offices. Eligibility for the Small Business Rate Relief is based on the **Net Annual Value (NAV)** of your Post Office. There are three levels of Small Business Rate Relief for Post Offices: • Post Offices with a NAV of £9,000 or less will be awarded 100% relief • Post Offices with a NAV of more than £9,000 but not more than £12,000 will receive 50% relief • Post Offices with a NAV of more than £12,000 but not more than £15,000 will receive 20% relief

[69] Help available for business rates | nibusinessinfo.co.uk

<table>
<tr><td><u>Sports and Recreation Rate Relief</u></td><td>If your club, society, or organisation involves the provision of sports or recreation services you may be able to apply for Sports and Recreation Rate Relief.

Relief is available for premises that meet all of the following criteria:
1. occupied for the purpose of a prescribed recreation
2. occupied by a not-for-profit club or society
3. the club or society does not employ any person to engage in any recreation for reward
Sports and Recreation Rate Relief is provided at a reduction of the normal rate by 80% due on qualifying facilities. In other words, that part of the property which is used solely for recreation. Areas not used solely for the prescribed recreation are excluded from the relief.</td></tr>
<tr><td><u>Residential Homes Rate Relief</u></td><td>Residential Homes Rate Relief is an application-based rate relief that provides 100% relief to properties that meet the eligibility criteria. It is your responsibility to notify Land & Property Services (LPS) of any change in circumstances that may affect your application.

To qualify for this rate relief all or part of your property must be used wholly or mainly for one or more of the following purposes:
• the provision of residential accommodation for the care of persons who have an illness or the after-care of persons who have an illness
• the provision of facilities for training or keeping suitably occupied persons who have an illness or persons who have an illness
• the provision of such accommodation of facilities as are mentioned in the previous two points for disabled persons not falling within that sub-paragraph
• the provision of personal social services for disabled persons
• the provision of facilities under section 15 of the Disabled Persons (Employment) Act (Northern Ireland) 1945</td></tr>
</table>

Industrial De-rating	remises occupied and used for manufacturing purposes may qualify for industrial derating. If you would like your property to be considered as industrial for rating purposes, you should make an application to the District Valuer within Land & Property Services (LPS). In order to benefit from Industrial Derating premises must be primarily used and occupied as a factory. The definition of a “factory” is found in Section 175 of the Factories Act [Northern Ireland] 1965. Therefore premises falling into the below categories are NOT eligible: • private dwellings • retail shops/units • distributive wholesale businesses • storage • public supply undertakings Industrial Derating relief provides a 70% reduction of the normal rate for the property parts deemed to be used in the industrial process. Areas not used in the industrial process will not benefit from the relief. Consideration of all areas together will be subject to statutory apportionment, and used to determine primary use and occupation of the premises for application of this relief.
Non-Domestic Vacant Rating	Since 1 April 2004, the rating of vacant non-domestic property has been in place to encourage properties to be brought back into use. There are no vacant rates payable for a property with a Net Annual Value (NAV) of less than £2,000. For properties with a NAV of £2,000 or more rates are not payable for three months from either the date a non-domestic property becomes empty or, in the case of a property that has never been occupied, the date Land & Property Services (LPS) has determined the property to be completed. After the three-month free period, rates will be billed at 50% of the normal occupied amount. Please note the property must then be occupied for at least six weeks before a further three-month free period can be applied. **What is meant by vacant?** Generally, a property will be considered vacant for rating purposes where it is unoccupied, unfurnished, and not used for storage purposes. **Who will have to pay non-domestic vacant rates?** The person entitled to possession of the property - this is usually the owner but may be the leaseholder. This person is also responsible for informing LPS of any changes that may affect eligibility to an exclusion from rates. **How are non-domestic properties valued?** A non-domestic property is assessed on the basis of its rental value -- known as the **Net Annual Value (NAV)**. Some non-domestic properties require a specialist assessment to reflect particular characteristics for example; schools, licensed premises, and factories. Each property is valued in line with other comparable properties in the area. LPS will classify and distinguish (describe) a property according to its characteristics. This description will be set in line with the principle that property should be valued in its current state and as if it were put to its best use.

Hardship Rate Relief	Hardship Rate Relief for a non-domestic property is intended to assist a business recover from a temporary crisis, financial or otherwise, as a result of exceptional circumstances, and therefore some form of recovery plan will generally be required before an application can be considered. **What is meant by a 'crisis' and 'exceptional circumstances'?** As the Hardship Rate Relief scheme covers unforeseen events, it is not possible for LPS to offer precise definitions. However, a 'crisis' would have to result in a serious loss of trade or have a major effect on the services that can be provided. 'Exceptional circumstances' will usually be circumstances that came from outside the business or organisation, are beyond the normal risks faced by businesses, and cannot be foreseen or avoided. The effect of strikes within a business or organisation increased running costs and increased competition would not be considered as 'exceptional circumstances' as they are normal business risks. As a general rule, circumstances that would be covered by a commercial insurance policy or by compensation from public funding would not be considered as 'exceptional circumstances'. However, each case will be considered on its own merits. **What type of property does Hardship Rate Relief apply to?** Most non-domestic properties, including those owned or used by voluntary organisations, will be eligible for Hardship Rate Relief if they meet certain conditions. However, properties such as car parks, advertising hoardings, telecommunications masts and towers, and cash machines (ATMs) will not be eligible.
Back in Business Rate Support	The Back in Business rate support scheme has been created to incentivise business ratepayers to consider occupying empty retail premises when looking for a business property. **Eligibility** To benefit from the scheme, the following eligibility criteria must be met: • you have begun occupation of business premises on or after 1 April 2024 • the business premises you now occupy were previously unoccupied for a minimum of 12 months prior to the date you occupied the property • the business premises were previously valued for rates and used for retail purposes; or • if premises were never occupied you may still be entitled if the premises could reasonably have been used for retail purposes. **Rates Relief (discount)** The rates discount of 50% is granted for up to 24 months beginning on the day which the retail unit becomes occupied. The rate relief can be applied from 1 April 2024.

<table>
<tr><th>Exemption</th><th></th></tr>
<tr><td><u>Charitable Exemption for Rates</u></td><td>
Charitable Exemption can apply where a property is occupied by a charity and where the actual use of the premises is dedicated to the charitable objectives of that charity.
Being a charity does not necessarily mean you are entitled to exemption from rates. Both parts of the paragraph above require to be fulfilled before an exemption can apply, this means that LPS will require proof of (a) who is in occupation and (b) what activities are taking place within the premises.
This is a complicated subject and charities should ensure they have sought professional advice in relation to the implications of renting premises. It should not be assumed that exemption will apply simply because the premises are occupied by a charity.
Eligibility criteria for Charitable Exemption
Charitable purposes include formally constituted trusts for:

the advancement of religion
the advancement of education
the relief of poverty
other purposes beneficial to the community

If you wish to seek Charitable Exemption for a property you must show that it is either a charity, or alternatively that it is not established for profit, and that the use of the premises directly facilitates the charitable objectives.
</td></tr>
</table>

D. England Non-Domestic Reliefs and Exemptions[70]

Provision	Detail
Charitable Exemption for Rates[71]	Charities and community amateur sports clubs can apply for charitable rate relief of up to 80% if a property is used for charitable purposes. Local councils can top up the discount to 100% (called "discretionary relief").
Small Business Rate Relief[72]	Small Business Rate relief is available, if a: • property's rateable value is less than £15,000; • business only uses one property; or, • business rates on a property with a rateable value of £12,000 or less. For properties with a rateable value of £12,001 to £15,000, the rate of relief will go down gradually from 100% to 0%. If owner has more than one property: Small business rate relief is still available on the main property after this if both the following apply: • none of the other properties have a rateable value above £2,899; or, • the total rateable value of all the properties is less than £20,000 (£28,000 in London). If someone owns a small business but it does not qualify for small business rate relief. If the property in England has a rateable value below £51,000, the bill will be calculated using the small business multiplier, which is lower than the standard one. The small business multiplier is 49.9p and the standard multiplier is 51.2p from 1 April 2021 to 31 March 2022.
Rural Rate Relief[73]	Rural rate relief is available if a business is in a rural area with a population below 3,000. Business rates may not be paid if the business is in an eligible area and either: • the only village shop or post office, with a rateable value of up to £8,500; or,

[70] https://www.gov.uk/apply-for-business-rate-relief/supporting-small-business-relief

[71] https://www.gov.uk/apply-for-business-rate-relief/charitable-rate-relief

[72] https://www.gov.uk/apply-for-business-rate-relief/small-business-rate-relief

[73] https://www.gov.uk/apply-for-business-rate-relief/rural-rate-relief

	• the only public house or petrol station, with a rateable value of up to £12,500.
Enterprise Zones[74]	If starting up or relocating to an enterprise zone a business could qualify for business rates relief. The council works out how the relief is applied. This could be up to £55,000 a year over 5 years.
Exempted Buildings and Empty Buildings Relief[75]	**Exempted Buildings** Certain properties are exempt from business rates. Business rates may not have to paid on: • agricultural land and buildings, including fish farms; • buildings used for training or welfare of disabled people; or, • buildings registered for public religious worship or church halls. However, there are strict legal requirements for these exemptions. **Empty Properties** A business does not have to pay business rates on empty buildings for 3 months. After this time, most businesses must pay full business rates. Some properties can get extended empty property relief: • industrial premises (for example warehouses) are exempt for a further 3 months; • listed buildings - until they're reoccupied; • buildings with a rateable value under £2,900 - until they're reoccupied • properties owned by charities - only if the property's next use will be mostly for charitable purposes; or, • community amateur sports clubs' buildings - only if the next use will be mostly as a sports club.
Transitional Relief[76]	Transitional Relief limits how much a bill can change each year as a result of Business Rates Revaluation. The next revaluation will come into effect on 1 April 2023. This means changes to a bill are phased in gradually, if eligible. From the 2023 to 2024 tax year transitional relief is available, if: • the property is in England

[74] https://www.gov.uk/apply-for-business-rate-relief/enterprise-zones

[75] https://www.gov.uk/apply-for-business-rate-relief/exempted-buildings-and-empty-buildings-relief

[76] https://www.gov.uk/apply-for-business-rate-relief/transitional-relief

	• rates go up by more than a certain amount A council will adjust a bill automatically if eligible.
Retail, Hospitality and Leisure Relief[77]	Retail, hospitality and leisure relief A business could qualify for retail, hospitality and leisure relief if the business is mainly being used as a: • shop; • restaurant, café, bar or pub; • cinema or music venue; or, • hospitality or leisure business - for example, a gym, a spa or a hotel. Local councils will determine eligibility. If eligible, a business could get: • 50% off a business rates bills for the 2022 to 2023 tax year (1 April 2022 to 31 March 2023); and, • 75% off a business rates bills for the 2023 to 2024 tax year (1 April 2023 to 31 March 2024). The most a business can get in each tax year is £110,000 per business. A business may be able to get retail, hospitality and leisure relief on top of other types of business rates relief that that business is eligible.
Local Newspaper Relief[78]	A property may get local newspaper relief if the property is used as office premises for journalists and reporters on a local newspaper. The relief is a £1,500 reduction in business rates for eligible properties per year. Only one property can get the relief per newspaper even if more than one property is used as offices for the newspaper. If several local newspapers use the same office, they can only get the relief on one newspaper title.
COVID-19 Additional Relief Fund[79]	To get business rates relief under the COVID-19 additional relief fund if both of the following apply: • the business has been affected by coronavirus (COVID-19); or, • the business was not eligible for retail discount, nurseries discount or the Airport and Ground Operations Support Scheme (AGOSS).
Supporting Small Business Relief[80]	A business can get supporting small business relief from 1 April 2023, if both of the following apply:

[77] https://www.gov.uk/apply-for-business-rate-relief/retail-discount

[78] https://www.gov.uk/apply-for-business-rate-relief/local-newspaper-relief

[79] https://www.gov.uk/apply-for-business-rate-relief/covid19-additional-relief-fund

[80] https://www.gov.uk/apply-for-business-rate-relief/supporting-small-business-relief

	• the business property's bill is going up after the next revaluation on 1 April 2023; or, • will lose some or all of a small business rate relief or rural rate relief. If eligible, the rates will go up by no more than £600 for the 2023 to 2024 tax year.
Hardship Rate Relief[81]	In England, councils can reduce business rates bill with hardship relief. To be eligible, the business must satisfy the council that both: • the liable person would be in financial difficulties without it; or, • giving hardship relief to the business is in the interests of local people.

E. Wales Non-Domestic Reliefs and Exemptions[82]

Provision	Detail
Charitable Exemption for Rates	If the property is occupied by a registered charity or community amateur sports club, and used for charitable purposes, the business automatically qualifies for 80% mandatory rates relief.[83] Qualifying for relief of up to 100% is at the discretion of the local authority, if the property is occupied by a non-profit making body and used for purposes which are: • charitable • philanthropic • religious • educational • to do with social welfare • scientific • to do with literature • to do with the fine arts • to do with recreation by a not-for-profit club or society
Small Business Rate Relief	The Welsh Government provides non-domestic rates relief to eligible small businesses.[84] • eligible business premises with a rateable value of up to £6,000 will receive 100% relief, and;

[81] https://www.gov.uk/apply-for-business-rate-relief/hardship-relief

[82] https://businesswales.gov.wales/business-rates-wales#guides-tabs--0

[83] https://businesswales.gov.wales/non-domestic-rates-rates-relief-charities-non-profit-organisations-empty-properties-and-other

[84] https://businesswales.gov.wales/non-domestic-rates-small-business-rates-relief

	• those with a rateable value between £6,001 and £12,000 will receive relief on a tapered basis from 100% to zero.
Post Offices	• Post offices with a rateable value up to £9,000 receive 100% relief; or, • Post offices with a rateable value between £9,001 and £12,000 receive 50% relief.
Registered Childcare Premises	Registered childcare providers receive 100% relief until 31 March 2025, during which time it will be evaluated to assess its effect.
Multiple Occupation Limit	Where a ratepayer is liable for more than two properties on a single local non-domestic rating list ("local list"), and those properties meet only the rateable value conditions, the ratepayer will receive relief only for a maximum of two such properties.
Hydropower Projects	We are providing grants to help eligible community owned hydropower projects with their business rates. Hydropower projects extract energy from water courses to generate electricity. Community owned hydropower projects with a rateable value up to £50,000 can apply for support towards their 2022-23 business rates.
Rates Relief for Empty Properties	Empty business properties are exempt from paying business rates for 3 months after the property becomes unoccupied. There are additional exemptions for certain types of property or for properties under a set rateable value. These include: • industrial premises, such as warehouses, which are exempt for a further 3 months. • listed buildings which are exempt until they become occupied again. • buildings with a rateable value under £2,600 which are exempt until they become occupied again. • properties owned by charities, which are exempt if the property's next use is likely to be wholly or mainly for charitable purposes. • community amateur sports club buildings which are exempt if their next use is likely to be wholly or mainly for a sports club. • a business whose owner is a company which is subject to a winding-up order made under the Insolvency Act 1986 or which is wound up voluntarily under that Act. • a business whose owner is a company in administration within the meaning of paragraph 1 of Schedule B1 to the Insolvency Act 1986 or is subject to an administration order made under the former administration provisions within the meaning of article 3 of the Enterprise Act 2002 (Commencement No. 4 and Transitional Provisions and Savings) Order 2003.

	• a business whose owner is entitled to possession only in his or her capacity as the personal representative of a deceased person. After the exemption period ends, the property owner will be liable for the full business rate bill.
Hardship Rate Relief	Local authorities can also grant hardship relief to businesses, if they believe that it is in the interests of the local community to do so.[85]

F. Scotland Non-Domestic Reliefs and Exemptions[86]

Provision	Detail
Charitable Exemption for Rates[87]	Registered charities can apply for 80% rates relief. This is only if their property is mostly used for charitable purposes. This could be by the charity occupying the premises, or by other charities. Registered Community Amateur Sports Clubs may also apply for 80% rates relief. This is only if the property is mostly used by that club or other registered community amateur sports clubs. Councils could also offer up to 20% additional relief on top of the 80%. This would mean a business wouldn't have to pay any rates. Councils could also choose to offer up to 100% relief on properties used by other not-for-profit organisations: • who carry out work for charitable, philanthropic or religious purposes; • who are concerned with education, social welfare, science, literature or the fine arts; or, • who are mainly used for recreation such as sports clubs.
Small Business Bonus Scheme[88]	The person liable to pay rates can get non-domestic rates relief through the Small Business Bonus Scheme, if: • the combined rateable value of all business premises is £35,000 or less; or, • the rateable value of individual premises is £18,000 or less; and, • the property is actively occupied.

[85] https://businesswales.gov.wales/non-domestic-rates-rates-relief-charities-non-profit-organisations-empty-properties-and-other

[86] https://www.mygov.scot/non-domestic-rates-relief

[87] https://www.mygov.scot/non-domestic-rates-relief/charitable-rate-relief

[88] https://www.mygov.scot/non-domestic-rates-relief/small-business-bonus-scheme

	Based on the total (cumulative) rateable value of all non-domestic premises, the following relief are available: • total rateable value up to £15,000 - 100% relief (no rates payable) on each individual property; or, • total rateable value of £15,001 to £35,000 - 25% relief on each individual property with a rateable value of £18,000 or less.
Business Growth Accelerator Relief[89]	• The premises are a new build property; • An owner has to expand or make improvements to a property;
Rural Rate Relief[90]	A business can get 100% off non-domestic rates if the property is in a designated rural area with a population below 3,000 and it is: • a small food shop, general store or post office with a rateable value below £8,500; • a small hotel, public house or petrol filling station with a rateable value of up to £12,750; or, • any other business providing a benefit to the community with a rateable value of up to £17,000.
Disabled Persons Relief[91]	Eligibility for up to 100% rates relief if a business provides: • residential accommodation for the care of aftercare of people who are ill; • training for disabled people; or, • welfare services or workshops for disabled people.
Enterprise Areas Relief[92]	Businesses setting up or relocating to an Enterprise Area site and doing work in certain sectors may qualify for this rates relief, which offers up to 100% relief up until March 2023.
Empty or Newly Re-occupied Properties[93]	All empty properties can get 50% relief from non-domestic rates for the first 3 months they're empty. They can then get a 10% discount after that. Empty industrial properties can get 100% relief from non-domestic rates for the first 6 months that they're empty. They can then get a 10% discount after that. A business can get 100% relief for the whole time a property is unoccupied, if:

[89] https://www.mygov.scot/non-domestic-rates-relief/business-growth-accelerator-relief

[90] https://www.mygov.scot/non-domestic-rates-relief/rural-rate-relief

[91] https://www.mygov.scot/non-domestic-rates-relief/disabled-persons-relief

[92] https://www.mygov.scot/non-domestic-rates-relief/enterprise-areas-relief

[93] https://www.mygov.scot/non-domestic-rates-relief/reliefs-for-empty-or-newly-re-occupied-properties

	• it's a listed building • it has a rateable value under £1,700 • it's owned by a trustee for sequestration, liquidation or executors • the company who owns it has been wound up • by law, the property cannot be occupied • it is under a compulsory purchase order • it has no buildings (empty ground)
Transitional Relief[94]	A business might be able to get Transitional Relief, if the property is: • a pub, restaurant or hotel with a rateable value of less than £1.5 million; • an office located in Aberdeen or Aberdeenshire; or, • If a business can get Transitional Relief, increases in its non-domestic rates will be capped at 12.5% in real terms. 'Real terms' means any increases will also be adjusted for inflation.
District Heating Relief[95]	A business can get a 50% relief on non-domestic rates, if the premises is only being used for a district heating network, or mainly being used for a district heating network. This relief will be available until 2032. From 1 April 2021, a 90% relief is available for new district heating networks powered by renewables. This relief will be available until 31 March 2024.
Renewable Energy Generation Relief[96]	A business may be able to get 100% off non-domestic rates if a scheme has arrangements in place that entitle one or more community organisations to: • at least 15% of the annual profit; or, • so much of the annual profit as is attributable to at least 0.5 megawatt of the total installed capacity of the project. To be eligible, a scheme has to produce heat or power from any one of the following sources: • biomass • biofuels • fuel cells • photovoltaics • water (including waves and tides, but excluding production from the pumped storage of water) • wind • solar power • geothermal sources.

94 https://www.mygov.scot/non-domestic-rates-relief/transitional-relief

95 https://www.mygov.scot/non-domestic-rates-relief/district-heating-relief

96 https://www.mygov.scot/non-domestic-rates-relief/renewable-energy-generation-relief

	The generation activity should take place at the eligible property itself. How much relief a business can get depends on the rateable value. Rateable values of: • up to £145,000 can get 100% relief • £145,001 to £430,000 can 50% relief • £430,001 to £860,000 can get 25% relief • £860,001 to £4 million can get 10% relief • more than £4 million can get 2.5% relief. If there are more than one business property, the rateable values are combined. A business can get 60% relief, if: • the scheme produces heat or power from water (including waves and tides, but excluding production from the pumped storage of water); and, • it has a rateable value of no more than £5 million. This 60% relief will be available until 2032.
Day Nursery Relief[97]	From April 2018, businesses can get 100% relief on non-domestic rates, if they run a day nursery and the premises are used only as a nursery school or mainly as a nursery school.
Telecommunications Relief[98]	**Fibre Infrastructure Relief** A business can get can 100% relief, if that business provides new fibre infrastructure for telecommunications. To get this relief, the infrastructure needs to have been installed after 1 April 2019. This relief is available until 31 March 2034. **Relief for Telecommunication Masts** A business also can get 100% relief, if a business provides telecommunications masts in specific locations across Scotland.
Reverse Vending Machine Relief[99]	A business can get 100% relief on non-domestic rates for the site of a Reverse Vending Machine (RVM). The site of RVMs will not add to the rateable value of a property, if applying for the Small Business Bonus Scheme.

[97] https://www.mygov.scot/non-domestic-rates-relief/day-nursery-relief

[98] https://www.mygov.scot/non-domestic-rates-relief/telecommunications-relief

[99] https://www.mygov.scot/non-domestic-rates-relief/reverse-vending-machine-relief

Hardship Rate Relief[100]	Councils can reduce non-domestic rates bill with Hardship Relief. To be eligible, the business must satisfy a council that both: • the business would be in financial difficulties without it; and, • giving hardship relief to the business is in the interests of local people.

[100] https://www.mygov.scot/non-domestic-rates-relief/hardship-relief