

## **Explanatory Memorandum to the Non-Domestic Rating (Small Business Relief) (Wales) (Amendment) Order 2011**

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) Order 2011**

*Carl Sargeant*

**Minister for Social Justice and Local Government**

29 March 2011

## **1. Description**

**The Non-Domestic Rating (Small Business Relief) (Wales) (Amendment) Order 2011** amends the Non-Domestic (Small Business Relief) (Wales) Order 2008 (the 2008 order) to extend the provision of an increased level of relief on the rates bills of qualifying business premises until 30 September 2012.

## **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) Order 2011 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. 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.

3.2 This statutory instrument will follow the negative procedure and is therefore subject to annulment.

## **4. Purpose & intended effect of the legislation**

4.1 The 2008 order was amended in 2010 so as to make provision for business premises with a rateable value up to £6,000 to receive full relief on their rates bills, and for this relief to be reduced on a tapering basis for most business with a rateable value between £6,001 and £12,000. This increase in the provision of relief was to apply between 1 October 2010 and 30 September 2011.

4.2 This order extends the provision of this relief until 30 September 2012.

4.3 In order to qualify for this relief a business premises must;

- be fully occupied:
- not be an excepted premises as defined by the 2008 order (i.e. those occupied by a council, police authority or the Crown; those occupied by charities, registered clubs, or not-for-profit bodies whose main objectives are philanthropic, religious, concerned with education, social welfare, science, literature or the fine arts; beach huts; property which is used exclusively for the display of advertisements, parking of motor vehicles, sewage works or electronic communications apparatus):
- have a rateable value of £12,000 or less.

4.4 If this legislation is not made, the increased level of small business rate relief received by qualifying businesses under the 2008 order (as amended) will come to an end on 30 September 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.