



REVIEW OF RATING POLICY

PROPOSAL FOR A DRAFT ORDER IN COUNCIL

**THE RATES (AMENDMENT) (NORTHERN
IRELAND) ORDER 2006**

PUBLIC CONSULTATION DOCUMENT

27 July 2006



Department of
**Finance and
Personnel**

www.dfpni.gov.uk

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FOREWORD BY DAVID HANSON

Minister of State

Reform of the domestic rating system is long overdue - the current rating system based on rental values is both inequitable and out of date. The Review of Rating Policy was established by the former Executive to address these shortcomings. In the absence of devolution, the Government has continued to progress reform in this important area in order that a fairer rating system can be introduced as soon as possible. A number of key steps on the way to achieving this goal have already been achieved with the publication of the Rates (Capital Values, etc) (Northern Ireland) Order 2006, publication of the capital values of all domestic property in Northern Ireland and recent announcements on the reliefs to be introduced under the new system. Achieving a fairer system remains our key objective and is why we are proceeding with the reforms set out in key consultation reports published in March and October 2005 and April 2006.

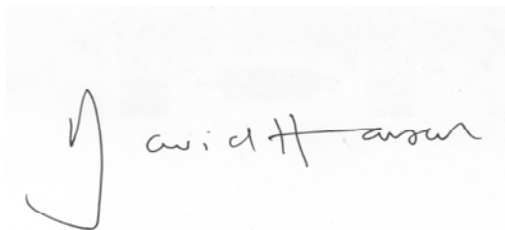
This draft Order in Council aims to give effect to the main reform of the domestic rating system, that is rates based on individual capital values from April 2007. Every ratepayer will receive notification of their capital value during July and August, which will provide them with an opportunity to obtain further information on, and query, their value. This is intended to increase ratepayer awareness and understanding of the fundamental changes to the domestic rating system. I believe that these changes are essential to establish a fairer basis for raising local revenues, all of which is invested in key public services within Northern Ireland.

The draft Order provides for the introduction of the remainder of the domestic rating reforms, including a new rate relief scheme for those on low incomes, full relief from rates for those in full-time training and education, 16/17 year olds and young people leaving care, a simplified rate rebate scheme for persons with a disability whose property has been modified, transitional relief for those most adversely affected by the move to the new capital value system and a new independent valuation tribunal. In addition, some further reforms to the non-

domestic sector are contained in this draft Order. These include targeted relief measures focusing on rural businesses, such as farm diversification relief and exemption for automatic telling machines (ATMs) in rural areas.

The draft Order will be subject to 7 weeks consultation, concluding on 15 September 2006. The purpose of the consultation exercise is to seek views on whether the draft legislation gives effect to the Government's policy intentions, rather than the underpinning policy measures themselves as these have already been subject to a number of separate lengthy consultation exercises.

I would encourage as many people as possible to comment on the detail of the draft Order and whether it gives effect to the stated policy intentions. The outcomes of the consultation exercise will contribute to the finalisation of the draft legislation which I hope to introduce at Westminster later this year.

A handwritten signature in black ink, reading "David Hanson". The signature is written in a cursive style with a large initial "D".

DAVID HANSON MP

Minister of State for Northern Ireland

27 July 2006

SECTION 1

INTRODUCTION

Purpose of draft Order and context

1. The draft Rates (Amendment) (Northern Ireland) Order 2006 ('the draft Order') is the third Order in Council relating to the reform of the rating system in Northern Ireland and aims to give effect to the fundamental move from a rental based domestic rating system to one based on capital values. It also aims to give effect to the Government's intention to introduce a range of reliefs for those on low incomes, vulnerable groups and also those most adversely affected by the move to the new capital value system.
2. The reliefs that will be made available under the new system will include a new rate relief scheme that will provide assistance to those on low incomes and who are just above the housing benefit threshold or are in receipt of partial housing benefit. A simplification of the existing rate rebate scheme will also be provided for persons with a disability whose property has been modified. In addition, full relief from rates will be provided where a property is occupied solely by those in full-time training and education, 16/17 year olds and young people leaving care. Transitional relief will be available for those households whose rate bill increases by more than 33% of what it would have been under the old NAV based system. A new independent valuation tribunal will also be established. In the area of non-domestic reform the draft Order includes reliefs focusing on rural businesses, including farm diversification relief and exemption for automatic telling machines (ATMs) in rural areas.
3. Following targeted consultation in June 2006 on the standardisation of rates liability in the social rented sector and the nature of landlord liability under the new rating system, the draft Order also makes provision for reform in these areas. The Government will continue to listen to views on these particular matters as the Order is finalised and during the drafting of the detailed regulations. In relation to landlord liability the current legislation will enable future revisions of the associated capital value thresholds and allowances.
4. The draft Order is the third set of legislative proposals to emerge from the Review of Rating Policy in Northern Ireland. The first was the Rates (Amendment) (Northern Ireland) Order 2004¹ which gave effect to the decision to introduce the rating of unoccupied non-domestic property in April 2004 and the gradual phasing out of industrial derating from April 2005, bringing Northern Ireland broadly into line with the position in Great Britain. This Order also contained an enabling power to introduce a hardship relief scheme for businesses from December 2005.

¹ S.I. 2004 No. 703 (N.I. 4)

5. The second Order in Council, the Rates (Capital Values, etc.) (Northern Ireland) Order 2006 provided for the Commissioner of Valuation for Northern Ireland to publish the capital value of every domestic property in Northern Ireland. These capital values are being published on a phased basis during July and August. Each ratepayer will receive notification of their capital value, along with an estimate of what their rate bill would have been had the capital value system been introduced this year. This advance notice is intended to provide them with the opportunity to find out more about their capital value, how it was determined and query it, if necessary, well before the rates become payable on this basis.
6. That Order also provided for an increase in the level of sport and recreational rate relief from 65% to 80% and full exemption of community halls from rates where they are open to the wider community.

Purpose of Consultation

7. All of the reforms mentioned above have been the subject of various policy consultation exercises since 2002.² The purpose of this particular consultation exercise is to provide the opportunity for you to comment on whether the draft Order specifically gives effect to the policy decisions referred to in this document.
8. The draft Order and Explanatory Memorandum are included as part of the document, together with a short overview of the policy background, the key issues covered by the legislation and a consultation list, all of which are available on the Review of Rating Policy website at www.ratingreviewni.gov.uk. The consultation document, excluding the draft Order, can be made available in alternative formats if required. Consultation will conclude on 15 September 2006 and the intention is that the draft Order will then be laid in Parliament in October.

How to respond

The closing date for responses to this consultation is 15 September 2006.

9. If you wish to comment, you can do so by writing to:

Department of Finance and Personnel
Rating Policy Division
Room D12 Rathgael House
Balloo Road
BANGOR
BT19 7NA

Or you can fax or e-mail your comments to:

Fax: 028 9185 8008

E-mail: ratingpolicy.cfg@dfpni.gov.uk

² Details of the various consultations and associated documentation are available on the Review of Rating Policy website, www.ratingreviewni.gov.uk

10. You should also note that it is intended to place all consultation responses on the Review of Rating Policy website and that the Department can only refuse to disclose information in exceptional circumstances. Corporate confidentiality clauses automatically attached to e-mails cannot be taken into account.
11. Therefore before you submit your response please read the paragraphs below carefully as these provide you with guidance on the legal position regarding any information given by you in response to this consultation.
12. If you require any further information about this consultation exercise, you should contact Rating Policy Division on 028 9185 8094 or 028 9127 7606.

Freedom of Information

13. The Freedom of Information Act 2000 (c. 36) gives the public a right of access to any information held by a public authority, in this case the Department of Finance and Personnel. This right of access to information includes information provided in response to a consultation. The Department cannot automatically consider as confidential information supplied to it in response to a consultation. However, the Department is responsible for deciding whether any information provided by you in response to this consultation, including information about your identity, should be made public or treated as confidential.
14. This means that information provided by you in response to the consultation is unlikely to be treated as confidential except in very particular circumstances. The Lord Chancellor's Code of Practice on the Freedom of Information Act provides that:
 - the Department should only accept information from third parties in confidence if it is necessary to obtain that information in connection with the exercise of any of the Department's functions and it would not otherwise be provided;
 - the Department should not agree to hold information received from third parties 'in confidence' which is not confidential in nature; and
 - acceptance by the Department of confidentiality provisions must be for good reasons, capable of being justified to the Information Commissioner.
15. For further information about confidentiality of responses please contact the Information Commissioner's Office (or see website at: <http://www.informationcommissioner.gov.uk>).

SECTION 2

BACKGROUND

16. The current rating system in Northern Ireland is based on principles dating back to the mid nineteenth century. It is out of date and riddled with inequities and anomalies, largely due to the fact that the last revaluation of the domestic sector took place in 1976 and was based on 1960's rental values. This is why the Executive commissioned a fundamental Review of Rating Policy in Northern Ireland in 2000 and decided to consult in 2002 on a range of issues relating to both the domestic and the non-domestic sectors. It was on foot of the outcomes of that consultation and further specific consultations that the Government made a number of policy announcements, including the decision to change the basis of valuation in respect of domestic property from rental to capital value.³

Domestic Reform

17. There are several reasons why the decision to move to capital values was taken. Firstly, the consultation exercise in 2002 confirmed that few people understood the concept of rental values. This reflects the major change in the structure of the domestic property market since the last general revaluation of all property in Northern Ireland in 1976 – well over 70% of houses are now owner occupied. It was therefore felt that a change to capital values in the domestic sector would make the rating system more understandable for domestic ratepayers. Secondly, the lack of rental evidence in the current housing market means that any revaluation on a rental value basis would be a very arbitrary exercise and would only serve to carry forward many of the inequities and anomalies already inherent in the current system.
18. Research and analysis carried out on behalf of the Government showed that, of the various capital value based systems operating elsewhere, a system based on individual assessment would result in a fairer distribution of the rate burden in Northern Ireland. The system involves the allocation of an individual capital value to every property. The main alternative would be a banded system where properties within a similar range are grouped together and attract the same rate liability. However, the analysis indicated that a system based on individual capital values would have a more positive impact in terms of reducing social deprivation than a banded approach. Thus, it would be more consistent with the Government's wider policy objective of targeting social need.

³ Other key policy announcements included the introduction of the rating of unoccupied non-domestic property and the phasing out of industrial derating.

19. All of the relevant research and analysis was published in the Policy Paper on Reform of the Domestic Rating System, together with the Government's preferred approach for reform.⁴ This also included proposals to introduce:
- a new rate relief scheme for those on low incomes and who are just above the housing benefit threshold or are in receipt of partial housing benefit;
 - a standard 25% rebate for persons with a disability whose property has been modified because of this;
 - transitional relief for those most adversely affected by the move to the new capital value system; and
 - a new independent valuation tribunal to hear appeals against the new capital values.
20. In addition, the Government announced its intention to make legislative provision for a number of powers that would enable a future Executive to adapt the new system by:
- introducing a deferral scheme for pensioners;
 - adjusting the level and scope of relief available under the new rate relief scheme;
 - introducing the rating of unoccupied domestic property; and
 - introducing a maximum and/or minimum payment.
21. These proposals were subject to a 16-week consultation exercise that ended in November 2004 and included a survey of 1300 households conducted by the Northern Ireland Statistics and Research Agency.⁵ A consultation report was published in March 2005 setting out the outcomes of that consultation and the Government's plan to bring forward legislation giving effect to its proposals.⁶
22. Subsequent to this the draft Rates (Capital Values, etc) Northern Ireland (Order) 2006 was published for consultation on 7 October 2005. That Order provided the Commissioner of Valuation, who has responsibility for valuing all property in Northern Ireland, with the power to determine, revise and publish the capital values of all domestic property. These

⁴ Reform of the Domestic Rating System in Northern Ireland – a Policy Paper is available on the Review of Rating Policy Website, www.ratingreviewni.gov.uk

⁵ Northern Ireland Statistics and Research Agency is an agency within the Department of Finance and Personnel.

⁶ Reform of the Domestic Rating System – a Consultation Report is available on the Review of Rating Policy Website, www.ratingreviewni.gov.uk

capital values are being published on a phased basis from the beginning of July, with ratepayers being notified of their individual capital values during July and August. The capital values are also available on the Valuation and Lands Agency website on a similar phased basis.⁷ This will provide ratepayers with the opportunity to obtain further information on their capital value and ask for a review where they disagree with it. The draft Order was subject to 12 weeks consultation. It was also debated in the House of Commons and House of Lords earlier this year before coming into operation at the beginning of April 2006.

23. The draft Order, included as part of the present consultation document, is the third and final Order in Council that the Government intends to bring forward for the purpose of reforming the rating system in Northern Ireland. It will give effect to the remainder of the Government's proposals outlined above. The key domestic rating reforms included in the draft Order are:
- rate liability to be based on individual capital values from April 2007;
 - a new rate relief scheme for those on low incomes;
 - 100% relief from rates where a property is occupied solely by those in full-time training and education, 16/17 year olds and young people leaving care;
 - transitional relief over the period 2007/08, 2008/09 and 2009/10 where rate bills increase by more than 33% as a result of the revaluation;
 - standardisation of rate liability in the social rented sector; and
 - a new independent valuation tribunal.
24. The draft Order also provides for a policing precept that will enable a proportion of the funding for policing in Northern Ireland to be raised from the domestic regional rate revenue.
25. Key issues in relation to the domestic rating reforms covered by the draft Order are summarised in Section 3.

Non-Domestic Reform

26. A number of important reforms have already been introduced in the non-domestic sector through the 2004 and 2006 Orders in Council. These include the rating of unoccupied non-domestic property from April 2004,

⁷ www.vla.nics.gov.uk/index/domestic-reval-2007.htm

the gradual phasing out of industrial derating from April 2005 and the introduction of a hardship relief scheme for businesses from December 2005. Further work has also been progressed with the aim of modernising the non-domestic rating system and making it fairer.

27. As part of this process the Government published two policy papers in February and March 2005. The Policy Paper on Non-Domestic Charitable Exemptions and Reliefs considered the relevance and adequacy of the existing range of exemptions for charitable and non-profit organisations and set out the Government's proposals for reform.⁸ These proposals reflected the views expressed during the 2002 consultation exercise that the existing exemptions and reliefs should continue to be awarded to deserving organisations, but that consideration should also be given to increasing relief/exemption in certain areas such as 'open' community halls and amateur sports organisations. The main proposals contained within the policy paper on charitable exemptions and reliefs included:
- fully exempting community halls from rates that are made available for use by the wider community, do not have a liquor licence and are not occupied by a registered club;
 - an increase in the level of rate relief for qualifying amateur sports clubs;
 - extending rate exemption to houses owned and occupied by full-time ministers and other similar clergy where they carry out pastoral duties from that property; and
 - further consideration of a number of other issues and anomalies including fair trade goods sold by charity shops and the treatment of universities and other public bodies currently excluded from exemption.
28. These proposals were subject to a 16-week consultation. The consultation report published in October 2005 provided an overview of the views expressed during consultation and set out the Government's way forward in this area.⁹ Two of the key decisions contained within the consultation report were given effect to in the Rates (Capital Values, etc.) (Northern Ireland) Order 2006, namely an increase in the level of sport and recreational relief from 65% to 80% and also full rate exemption for community halls that are made available for wider community use.

⁸ Non-domestic Charitable Exemptions and Reliefs from Rate Liability in Northern Ireland – A Policy Paper is available on the Review of Rating Policy website, www.ratingreviewni.gov.uk

⁹ Non-domestic Charitable Exemptions and Reliefs from Rate Liability in Northern Ireland – A Consultation Report is available on the Review of Rating Policy website, www.ratingreviewni.gov.uk .

29. A further policy paper was published in March 2005 setting out the Government's proposals for reforms on Rate Reliefs for Business in Northern Ireland.¹⁰ This mainly considered proposals to introduce a number of new reliefs but also addressed whether existing reliefs in this sector, such as freight transport relief should be retained. The proposals set out in the policy paper included introducing farm diversification relief along similar lines to that in Great Britain, consideration of whether a small business rate relief scheme should be introduced, providing full exemption to encourage the growth of ATMs in rural areas and relief for quarry operators who carry out environmental improvement works.
30. A 16-week consultation was carried out during 2005 and the consultation report published in April 2006, provided an overview of the views expressed during consultation and also set out the Government's way forward in this area.¹¹ Some of these measures, notably the provision of relief for farm diversification businesses and exemption of rural ATMs from rate liability, will be given effect in this draft Order. Relief for quarry operators carrying out environmental improvement works will be introduced by subordinate legislation. In addition, during consultation a case was put forward to provide further support to Local Enterprise Agencies (LEAs). The Government accepted that further support for vacant LEA property should be provided in recognition of the unique circumstances in which they have to operate and the detail of this is contained later in this document.
31. Key issues in relation to the non-domestic rating reforms covered by the draft Order are summarised in Section 3.

¹⁰ Rate Reliefs for Business in Northern Ireland – A Policy Paper is available on the Review of Rating Policy website, www.ratingreviewni.gov.uk.

¹¹ Rate Reliefs for Business in Northern Ireland – A Consultation Report is available on the Review of Rating Policy website, www.ratingreviewni.gov.uk.

SECTION 3

KEY ISSUES

Overview of the draft Order

32. The draft Order is divided into 6 Parts and 3 Schedules. Part I contains the title, commencement and interpretation provisions. It also defines certain terms used in the draft Order.
33. Part II sets out general provisions of the draft Order relating to the regional and district rates and the introduction of a policing precept. It also covers the basis of valuation, rateable values and the right to pay rates by instalments. Part III sets out the general provisions on valuation lists including the publication of new lists and public access to these.
34. Part IV provides for reliefs and exemptions including a new rate relief scheme, full relief from rates for properties solely occupied by those in full-time training and education, 16/17 year olds and young people leaving care, rate rebates for persons with a disability whose property has been modified, transitional relief and removal of the domestic rate aid grant. It also provides for the extension of charitable exemptions, exemptions for vacant property, farm diversification relief, exemption for ATMs in rural areas and exemptions in relation to completion notices.
35. Part V deals with reviews and appeals with Part VI containing miscellaneous and supplementary provisions.
36. Schedule 1 covers provisions relating to the Valuation Tribunal. Schedule 2 contains amendments to the Rates (Northern Ireland) Order 1977 (N.I.28) (“the principal Order”¹²) and other relevant primary legislation. Schedule 3 deals with repeals to the principal Order.
37. An overview of each of the key issues follows, together with a series of questions, to assist the reader’s consideration of the draft Order and whether the provisions give effect to the Government’s stated policy intention.

DOMESTIC PROPERTY

Rateable Values

38. Article 5 of the draft Order sets out how the rateable value of a property will be determined under the new system. The rateable value of a property is the basis on which rates are calculated. Under the new

¹² A copy of the principal Order can be viewed at [Updated Statutes of Northern Ireland 1921 to 2004](#).

system a property will have either a rateable capital value or rateable net annual value (NAV). Where a property is used for both domestic and non-domestic purposes the rate bill will be based upon both the rateable capital value and the rateable net annual value.

39. Where there is an exemption from rates the rateable capital value and the rateable net annual value will differ from the capital value or net annual value by the amount of exemption to be applied.

Question: Do you think that the draft Order gives effect to the Government's intentions on rateable values?

Basis of Valuation

40. Article 3 of the Rates (Capital Values, etc.) (Northern Ireland) Order 2006 also sets out the categories of property that would be valued on a capital value basis (treated as domestic). This will include private dwellings, properties used partly for the purpose of a private dwelling, private garages, private storage premises and those properties which, though not in use, it is considered will be used for these purposes when next used. Article 8 of the draft Order sets out the general rule in relation to capital values and the assumptions that will be applied.
41. During consultation on the 2006 Order, of those who commented there was broad support for the valuation assumptions to be used in determining the capital value of a domestic property.
42. Some valuation assumptions to be used under the new system are that:-
- the sale of the property is with vacant possession;
 - the estate sold is the fee simple absolute, which is generally taken to mean that it is free from any restrictions;
 - the property is sold free from any rent charges or other encumbrances;
 - the property has an average state of internal repair and fit out;
 - the property is in the state and circumstances that it might reasonably be expected to be in on 1 April 2007;
 - where a property is used for domestic purposes that it will always be used as such; and
 - where a property is a farmhouse that it will always be used as such.

43. Article 8 of the draft Order sets out the general rule that will apply under the capital value system. The capital value of a property will be the amount that the property might reasonably have been expected to fetch if it had been sold on the open market on 1 January 2005, subject to the assumptions above. The draft Article also sets out how properties are to be treated where they are being valued for the purpose of revising a valuation list.

Question: Do you consider that the draft Order gives effect to the Government's intention to introduce a capital value basis of valuation for domestic property?

Publication of and access to valuation lists

44. The Government is keen to ensure that there is an increased awareness among ratepayers of how their capital value compares to others and that they should have quick and easy access to the valuation list in order to ascertain this. Each valuation list will be made available on the Valuation and Lands Agency (VLA) website,¹³ enabling ratepayers to consider their capital value in light of the value of comparable properties. Article 13 provides for new arrangements in relation to public access to valuation lists.
45. On 1 April 2007 the Commissioner of Valuation will publish a new valuation list. An obligation will also be placed on the Rate Collection Agency (RCA), VLA and district councils to have facilities available to enable the public to access valuation lists. The Department of Finance and Personnel and each district council will be obliged to notify the public of the arrangements for accessing each new valuation list that is published. Members of the public will also be able to take copies of part of a valuation list for which a fee may be charged.

Question: Do you consider that the draft Order gives effect to the Government's intention to make the valuation list more accessible?

Valuation Appeals System

46. There was widespread support for the proposal to reform the domestic appeals system. The Government has therefore decided to proceed with the changes and in particular to create a new independent Valuation Tribunal. The appeals procedures to be put in place will therefore aim to provide a service that is user-friendly, transparent and free of charge to the user. The draft Order gives effect to the new appeals system and the introduction of an independent Valuation Tribunal at Articles 29 to 33. It specifies, among other things, that the tribunal will be known as

¹³ www.vla.nics.gov.uk

the Northern Ireland Valuation Tribunal. It will primarily hear appeals in relation to capital values but will also provide for appeals relating to the allowance for persons with a disability and rate relief for 16 and 17 year olds, young people leaving care and those in full-time education and training. Schedule 1 to the draft Order sets out the composition of the Tribunal and provides for Rules to be made that will deal with the procedures to be followed. Tribunal hearings will take place across Northern Ireland.

Question: Do you consider that the draft Order gives effect to the Government's intention to reform the valuation appeal system and introduce an independent Valuation Tribunal?

Rate Relief Scheme

47. The Government fully recognises the impact of the new rating system on those least able to pay and the need therefore to provide adequate safeguards for those households. It has therefore decided to introduce a new rate relief scheme in Northern Ireland, which will target and provide assistance to those on low incomes who are just beyond the housing benefit threshold or are only receiving partial award of housing benefit. The Government believes that the new rate relief scheme presents the most effective means of targeting those who may find it difficult to pay their rates under the new system. In the region of 44,000 households could receive assistance under the new scheme and it is estimated that an average of £270 would be awarded. Already 25% of households receive assistance by way of housing benefit with 20% of the lowest income households receiving full housing benefit. The draft Order gives effect to this in Article 14 by providing for a rate relief scheme to be set out in Regulations.
48. It is intended that the new rate relief scheme will follow the general principles of the statutory housing benefit scheme. In addition, it will use similar administrative and assessment systems including a composite application form for housing benefit and rate relief. The scheme will focus on a person's ability to pay rather than on their status to ensure that assistance is provided to those who can least afford to pay. The nature of the scheme will be such that it will allow relief to be targeted differently should a future Executive decide to do so. The matter would be for an Assembly to debate and regulate therefore keeping the system responsive, accountable and transparent. The scheme will work by accommodating the elements of the statutory housing benefit scheme. Housing benefit, whether in payment or not, will be taken into account as an income when assessing for rate relief.

Question: Do you think that the Government has taken sufficient powers in the draft Order to enable it to provide for the new rate relief scheme by Regulations?

Full relief from rates – training and education, 16/17 year olds and young people leaving care

49. Having taken account of the extent of relief provided through the housing benefit and rate relief schemes, the Government was concerned that people should not be deterred from entering or continuing with full-time training and education because of rate liability or the new water charges. Full relief from rates is to be awarded where a property is solely occupied by those in full-time training and education, 16/17 year olds and young people leaving care. These measures align with the broader policy of reducing social exclusion through reducing the financial burden on young people (including those leaving care) as they move towards greater independence. Eligibility for this relief will also provide those households with access to the new water affordability tariff.¹⁴
50. While this relief is largely intended as a mitigating measure, given that the majority of those in full-time training and education are ineligible for other assistance, it also brings Northern Ireland more into line with the position in the rest of the United Kingdom.
51. It is also intended to provide full exemption from rates on University Halls of Residence to complement the above relief and ensure consistency of treatment. Provisions will be made for this exemption to be reduced where there is significant non-domestic usage of the property for any part of the year.
52. The draft Order gives effect to these measures contained in Article 15.

Question: Do you think that the draft Order gives effect to the Government's intention to provide full relief from rates where a property is occupied solely by those in full-time training and education, young people leaving care and 16/17 year olds?

Transitional Relief Scheme

53. The Government noted the concerns expressed by many respondents during the 2004 consultation exercise that some households could be faced with substantial increases in their rate bills on the move to the new capital value system. Analysis undertaken following the revaluation exercise has shown that, had the new capital value system been introduced this year, 68% of households would have seen a reduction in their rate bill or an increase of no more than £1 per week. Nevertheless, for those whose rate bill does increase the Government is mindful of the need to ensure that these increases are implemented in a fair and reasonable way.

¹⁴ www.waterreformni.gov.uk - the relevant part of the Water Order dealing with the affordability tariff is Article 202.

54. For this reason transitional relief will be provided to those ratepayers who experience an increase of more than 33% in their rate bill as a result of the revaluation. It is intended that this assistance will be made available from 1 April 2007 to 31 March 2010. For those eligible, full rate bills will therefore not become due until 1 April 2010. This relief will be provided automatically, that is ratepayers will not be required to submit an application for relief. The award of transitional relief will not be means tested. Article 18 enables the award of transitional relief to be determined by the Department and provides that the amount of rates due, and also any difference in values, will come into operation over such periods and in such proportions as determined by the Department.

Question: Do you think that the draft Order gives effect to the Government's intention to introduce transitional relief for those who may experience large increases in their rate bills on moving to the new capital value system?

Rebate for persons with a disability

55. During the 2004 consultation exercise there was generally a positive response to the simplification of the existing allowance for persons with a disability. The Government has decided that a standard 25% reduction should be provided where a property has been modified to meet the needs of a person with a disability who lives there. There will be no means testing for this allowance. Under the modified system a 25% rebate will be awarded to eligible persons. Where they are already in receipt of a rebate and their reduction is higher than this, they will retain the higher reduction in their rate liability so that they are not disadvantaged. Under the new system this rebate will no longer be awarded on garages and central heating. These measures, along with a modified definition of 'disability', are provided for in Articles 16 and 17.

Question: Do you think that the draft Order gives effect to the Government's intention to introduce a simplified rebate scheme for persons with a disability, with a standard 25% rebate for new applicants?

Clergy Residences

56. The Government has decided to extend rate exemption to full-time ministers and other similar clergy in circumstances where they carry out pastoral duties from a main domestic residence which they own. The property would be 50% exempt from rates however, rate exemption would not be granted where the duties are substantially conducted from elsewhere, such as a church office. The draft Order gives effect to this extension of charitable exemption for clergy residences in Article 20.

Question: Do you consider that the draft Order gives effect to the Government's intention to extend the charitable exemption for clergy residences?

Standardisation of the rate liability in the Social Rented Sector

57. Following the decision to change the basis of valuation for domestic property from rental to capital value, consideration was given to the impact of this on tenants in the social rented sector (namely properties owned by and rented to tenants of the Northern Ireland Housing Executive and registered housing associations). One issue which arose was whether it was appropriate to apply a system based on the market value of properties to a sector of the housing market where normal market forces did not apply. The provision of social housing in itself reflects the market failure which exists in relation to the availability of affordable housing.
58. A targeted consultation is being conducted on this issue with the Government proposing to standardise rates liability in the social rented sector from April 2007. Under this approach, rate bills for properties in this sector would be calculated as a proportion of the rent paid on that property. Keeping rate bills in proportion to the rent charged on each property will ensure continuing fairness for tenants on low or fixed incomes. The same level of overall revenue will be collected as is the case under the individual capital value system.
59. The Government, subject to the outcome of the above consultation, is proposing to introduce standardisation of rates liability in the social rented sector and this is given effect to in Article 7.

Question: Does the draft Order give effect to the Government's intention to standardise rates liability in the social rented sector?

Landlord liability in the Private Rented Sector

60. Following the 2004 consultation exercise, the Government commissioned the Institute of Revenue, Rating and Valuation to research the issue of landlord liability and advise on how best to modernise the current legislative provisions. At present an owner is obliged to pay rates on property that is subject to certain NAV thresholds. A voluntary agreement may also be entered into to pay the rates. An allowance of 7.5% (obligation to pay rates) and 10% (voluntary agreement) is made, subject to certain conditions. In light of the research that was undertaken the Government felt it was necessary to amend the current provisions to take account of the move to the new capital value system and the increased difficulties associated with direct

collection. On this basis the Government proposes to increase the 10% allowance awarded under the voluntary arrangement between the Department and owner to 15%. The 7.5% allowance, awarded where the landlord is obliged to pay the rates, will remain the same. Proposals were also made that the owner will be liable for rates where it is a house in multiple occupation.

61. The draft Order provides that the owner of a property will be liable for rates where the capital value does not exceed £55,000, or the rent is payable or collected at intervals shorter than quarterly and the capital value does not exceed £150,000. The draft Order gives effect to these measures through Article 35. Provision is contained in the principal Order that enables both these limits, and the allowance awarded where the landlord pays the rates, to be revised.

Question: Do you think that the draft Order gives effect to the Government's intention to revise landlord liability to take account of the move to a capital value system, remove collection difficulties and increase the allowance under the voluntary arrangement?

Powers of entry

62. The current provisions in Article 26A of the principal Order enable RCA to enter an unoccupied non-domestic property for the purpose of obtaining information. The Government has considered whether this power should be extended to domestic properties.
63. This extended power would only be used in a limited number of cases and would be subject to safeguards. It will only be used where a property is claimed as unoccupied and all other means of determining whether there is occupation have been exhausted. In relation to this power of entry, which will also be available to VLA, it will only be exercised in the presence of the person entitled to possession. An obligation will, however, be placed on those individuals to provide the authorised person with reasonable assistance in discharging their duties.
64. The draft Order gives effect to this measure in Article 38.

Question: Do you think that the draft Order gives effect to the Government's intention to extend its power of entry and place an onus on the occupier or owner to provide an authorised person with reasonable assistance in carrying out their duties?

Power to require information for valuation list purposes

65. The Government currently has the power to obtain information for both rating and valuation purposes.

Occupancy Information

66. In the domestic sector RCA currently relies upon a number of non-statutory provisions to obtain occupation information. The Government considers that these provisions are currently insufficient for maintaining accurate occupation details for the purposes of recovering rates.
67. The provisions contained within the draft Order would supplement the existing powers in the domestic sector and enable the Department to use a wider range of sources from which to obtain details about the occupier of a property and, where different, the name and address of the owner. These provisions will enable the Department to determine where a property is occupied and who the occupier is in order to secure prompt and accurate billing.
68. Measures will be taken to ensure that the use of the power is proportionate, with the information only being sought on a case-by-case basis.

Valuation Information

69. The Government considers that additional provisions are needed to allow for information to be obtained for valuation purposes. This largely relates to the need to reduce duplication of effort in obtaining valuation information. A substantial amount of data on property attributes is currently provided by the building control sections of individual district councils. The Government considers that it is uneconomical for VLA to allocate resources to obtain core data where it is held elsewhere. The Government wishes to ensure that the data held on properties can be shared between relevant persons and VLA. Article 37 will allow VLA to serve a notice seeking information that may reasonably be required for the purposes of enabling a new valuation list to be accurately prepared or to maintain a current valuation list.

Question: Do you think that the draft Order gives effect to the Government's intention to extend its powers to require information for billing purposes?

Maximum/Minimum Payment

70. During the 2004 consultation exercise views were sought on whether a maximum or minimum payment should be introduced under the new capital value system. These measures were aimed at ensuring that those in lower value properties, who could afford to, contributed towards the provision of services. In addition they were intended to recognise that, at the higher end of the property market, there is a limit to the benefits that can be received from local and regional services.

71. The Government noted the mixed response to this proposal, including the many concerns that were expressed about the introduction of a maximum payment, although generally more respondents were in favour of a minimum payment. There was also concern about the impact that these measures might have on other ratepayers. In light of these concerns the Government has decided that a maximum or minimum payment should not be introduced at this stage. Rather, it intends to introduce an enabling power that would allow a maximum and/or minimum payment to be introduced by a future Executive should it wish to do so.
72. Article 6 of the draft Order makes provision for this. While by and large the rates on all properties will be determined on the basis of the rateable value(s) this Article provides that, were either a maximum or minimum capital value introduced, the rates would respectively be based upon the maximum or minimum capital value of the property. Under the provision a future Executive would have the power to set the capital value thresholds and determine those categories of property to which the provisions would apply.

Question: Do you consider that the draft Order gives effect to the Government's intention to enable a future Executive to introduce a maximum and/or minimum payment should it so wish?

Deferment Scheme for People of Pension Age

73. The Government received a mixed reaction to its proposal for a deferment scheme for owner-occupiers of pensionable age, whereby some pensioners may wish to defer payment of all or part of their rate bills until the sale of their property. For this reason it has therefore decided it would not be appropriate to introduce such a scheme at this time. Nevertheless, it is keen not to constrain a future Executive in this respect. Article 10 of the draft Order creates an enabling power that would allow a future Executive to introduce such a scheme if it wished to do so.

Question: Do you consider that the draft Order gives effect to the Government's intention to create an enabling power that would allow for a future Executive to introduce a deferment scheme for people of pension age should it so wish?

The Rating of Vacant Domestic Property

74. As part of the reform process the Government considered whether the rating of vacant property should be introduced. Analysis showed that due to the high number of low value and low quality properties in the

sector it would be economically inefficient to introduce the rating of vacant domestic property in April 2007. In addition, many vacant houses in Northern Ireland are empty because of their poor repair and, in urban areas, because of civil unrest. On this basis the rating of vacant domestic property will not be introduced at this time. However, the Government has decided to make legislative provision for enabling powers that would allow the rating of vacant domestic properties to be introduced by a future Executive at a later date. Articles 22 and 23 provide for this.

75. In addition, in light of the major review of local government structures the Government considers that it would be beneficial to provide district councils with the power to introduce the rating of vacant domestic property following the introduction of the local government reforms to be introduced through the Review of Public Administration in 2009.

Question: Do you consider that the draft Order gives effect to the Government's intention to create an enabling power that would allow for a future Executive to introduce the rating of vacant domestic properties?

Police Purposes part of the Regional Rate

76. The Government is keen to provide that, when policing and justice functions are devolved, there could be a link between the revenue raised through the regional rate and the contribution that households make towards the provision of policing and justice functions. Through the policing precept a proportion of the funding for policing in Northern Ireland could be linked to local revenue sources. It is intended that there would be a number of restrictions on the exercise of this power, primarily that it would only be used upon the devolution of policing to the Northern Ireland Assembly.
77. Were this measure to be introduced, it would be necessary to stipulate an amount, to be used to fund police services. This would be included in the annual Regional Rate Order and would be subject to the affirmative resolution procedure of the Assembly. The main principle that would apply to this provision is that an amount in the pound of the domestic regional rate would be allocated for police, with a future Assembly having discretion about the level at which this would be set. This is provided for in Article 4 of the draft Order.

Question: Do you consider that the draft Order gives effect to the Government's intention to provide a future Assembly with the power to stipulate an amount in the pound of regional rate revenue that would apply for police purposes?

NON-DOMESTIC PROVISIONS

78. As set out earlier in this document a number of important reforms to non-domestic rates have already been introduced. The Rates (Amendment) (Northern Ireland) Order 2004 introduced the rating of unoccupied non-domestic property from April 2004, made provision for the gradual phasing out of industrial derating from April 2005 and the introduction of a hardship rate relief scheme for businesses (effective from December 2005). The Rates (Capital Values, etc) (Northern Ireland) 2006 gave effect to further steps to modernise the current non-domestic rating system and make it fairer. This included an increase in the level of sport and recreational relief from 65% to 80% and the full exemption from rates for community halls under certain criteria. This draft Order intends to give effect to further reforms to assist businesses, particularly those in rural areas.

Farm Diversification Relief Scheme

79. The Government noted the overwhelming support for its proposal to introduce a farm diversification relief scheme and therefore has decided to introduce this relief in Northern Ireland along similar lines to that in Great Britain, but based on Net Annual Value (NAV) levels appropriate to Northern Ireland. Relief will be 50% of full liability. While it was always intended that the scheme would be targeted towards non-agricultural undertakings, it is necessary (because of State Aid rules) to restrict it to those activities that fall outside the EU definition of agricultural activity and this will preclude certain undertakings used for the production and trade in agricultural products. The scheme will apply to new small enterprises that are located in buildings that were previously agricultural, subject to a £7,000 NAV ceiling. Relief will be available to farmers themselves and their immediate families who satisfy a qualifying period and be available for a maximum period of three years from the date the legislation comes into operation. The draft Order gives effect to this in Article 24 and includes the specific conditions necessary to qualify under the scheme.

Question: Do you consider that the draft Order gives effect to the Government's intention to introduce a farm diversification relief scheme as set out above?

Rate Exemption for Automatic Telling Machines (ATMs) in Rural Areas

80. The Government noted the unanimous support for exempting ATMs in rural areas and has decided to grant exemption to all ATMs in rural areas that have an individual entry in the valuation list regardless of whether or not a fee is charged for the transaction. The draft Order gives effect to this in Article 25, which includes the specific conditions for ATMs to qualify for exemption.

Question: Do you consider that the draft Order gives effect to the Government's intention to exempt ATMs in rural areas from rates?

Local Enterprise Agencies (LEAs)

81. During consultation the prospect of re-introducing Enterprise Zones was raised in the context of the distinct circumstances in which LEAs are required to operate, as a means of providing rate relief to this important part of the social economy sector. The Government did not consider however that Enterprise Zones provided the solution. Instead it decided that the best way to address the problem was to amend the existing unoccupied non-domestic property regulations to extend the initial exclusion from rates period from three months to one year for LEAs. New unoccupied LEA properties will also be excluded from the completion notice certification process, which means that they will not be liable to rate until they become occupied. The draft Order gives effect to the latter in Article 27 by providing for the exclusion of specified new property from the completion notice procedure. The change to the initial exclusion period from 3 months to one year will be introduced by subordinate legislation later this year.

Question: Do you consider that the draft Order gives effect to the Government's intention to provide for the exclusion of new LEA property from the completion notice procedure?

Extension of exemption relating to sale of goods donated to a charity

82. Most of the responses to the consultation broadly supported the retention of the existing main charitable exemptions and reliefs that apply to charities, quasi charities and charity shops. The Government therefore decided that no change was necessary in this area. Furthermore, there was almost unanimous support for exempting charity shops to the extent that they sell 'fair trade' goods. However such relief is not currently available in the rest of the United Kingdom and the Government decided that the best way forward was for provision to be made for an enabling power to allow a future Northern Ireland Assembly to readily increase the level of exemption available to charity shops should it wish to do so. The draft Order provides for this in Article 19.

Question: Do you consider that the draft Order gives effect to the Government's intention to provide for an enabling power to allow a future Assembly to extend the exemption provision relating to the sale of goods by charity shops?

REGIONAL, DISTRICT AND STANDARDISED RATES

83. A significant number of respondents to the previous consultation exercises raised queries about what rates pay for and also the range and quality of services provided through this. There are two key aspects of rate bills, namely, the district rate and the regional rate. A district rate is set by each individual district council to fund the services that it provides, such as bin collection, leisure centres, civic amenities etc. Revenue from the regional rate is added to Northern Ireland's block grant and is used to fund all public services provided at a regional level, such as roads, schools and hospitals. The regional rate is an un-hypothecated tax with no specific link between it and the funding of particular services. Therefore, the benefits to ratepayers from regional rates expenditure are both direct and indirect.
84. Various steps have been taken over recent years by the Department, through both the Rate Collection Agency (RCA), in conjunction with individual council areas, and Rating Policy Division (RPD) to help inform ratepayers of what rate revenue is used for. The Government recognises that uncertainties remain about what services are funded from rate revenue generally and by the district and regional rates specifically. As a means of helping to keep ratepayers better informed on this important area the RCA now invites Councils to send out information leaflets on what the district rate pays for as part of its annual billing exercise. In addition, RPD provides information on how revenue raised through the regional rate is utilised on its website¹⁵ and through other publications.

¹⁵ Further Information can be found at www.ratingreviewni.gov.uk/index/regional_rate.htm

SECTION 4

PROPOSAL FOR A DRAFT ORDER IN COUNCIL UNDER PARAGRAPH 1(1) OF THE SCHEDULE TO THE NORTHERN IRELAND ACT 2000

DRAFT STATUTORY INSTRUMENTS

2006 No. (N.I.)

NORTHERN IRELAND

The Rates (Amendment) (Northern Ireland) Order 2006

Made - - - - *2006*

*Coming into operation in accordance with Article
1(2) to (5)*

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At the Court at Buckingham Palace, the ** day of ** 2006

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order in Council has been approved by resolution of each House of Parliament:

Now, therefore, Her Majesty, in exercise of the powers conferred by paragraph 1(1) of the Schedule to the Northern Ireland Act 2000 (c. 1) and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

PART I

INTRODUCTORY

Title and commencement

1.—(1) This Order may be cited as the Rates (Amendment) (Northern Ireland) Order 2006.

(2) This Article and Article 2 shall come into operation on the expiration of 7 days from the day on which this Order is made.

(3) The remaining provisions of this Order shall come into operation on such day or days as the Department may by order appoint.

(4) The Department shall not make an order under paragraph (3) in respect of Article 4 unless a matter falling within paragraph 11 of Schedule 3 to the Northern Ireland Act 1998 (c. 47) has become a transferred matter within the meaning of that Act.

(5) An order under paragraph (3) may make such transitional or consequential provision, or such savings, as the Department considers necessary or expedient for the purposes of or in connection with the coming into operation of any provision of this Order.

Interpretation

2.—(1) The Interpretation Act (Northern Ireland) 1954 (c. 33) applies to this Order as it applies to an Act of the Assembly.

(2) In this Order—

“the Department” means the Department of Finance and Personnel;

“the principal Order” means the Rates (Northern Ireland) Order 1977 (NI 28).

PART II
GENERAL

Regional rate and district rate

Regional rate and district rate

3. In Article 6 of the principal Order (regional rate and district rate), for paragraph (3) there shall be substituted the following paragraphs—

“(3) Subject to the provisions of this Order, a rate—

(a) shall be made and levied at an amount in the pound—

(i) in the case of a regional rate, on the rateable values of every hereditament;

(ii) in the case of a district rate, on the rateable values of every hereditament in the district; and

(b) shall, subject to paragraphs (4) and (5), be made and levied in accordance with the relevant valuation lists.

(4) In making the rate, the Department or the district council may disregard any alterations made in a valuation list after such date as the Department or the district council considers convenient for the purpose of fixing the amount in the pound of the rate.

(5) Where the rate is for a year beginning with the date on which a new valuation list is to come into force and is made before that date, the rate shall be made by reference to the new list (so far as it replaces an existing list).

(6) Different rates may be made and levied on hereditaments of prescribed descriptions in accordance with prescribed rules.”.

Police purposes part of the regional rate

4. In Article 7 of the principal Order (making of rates), after paragraph (5) there shall be added the following paragraphs—

“(6) Where an order under paragraph (1) specifies an amount in the pound at which a regional rate is to be levied on the capital value of hereditaments, the order shall specify the police purposes part.

(7) In paragraph (6) “the police purposes part” means an estimate of how much (if any) of that amount will be applied towards expenditure for any police purposes within the meaning of the Police (Northern Ireland) Act 2000.”.

Rateable values

Rateable values

5.—(1) For Article 17 of the principal Order (ascertainment of rateable value) and the immediately preceding cross-heading there shall be substituted the following— PART II

“Rateable values

Rateable values

17.—(1) For the purposes of this Order the rateable values of a hereditament are—

- (a) its rateable net annual value (if any); and
- (b) its rateable capital value (if any).

(2) For the purposes of this Order the rateable values of a hereditament shall be ascertained in accordance with the provisions of Schedule 7.”.

(2) In Schedule 7 to the principal Order (rateable value of hereditaments), for paragraph 1 there shall be substituted the following paragraph—

- “1. Except as provided to the contrary in this Schedule—
- (a) the rateable net annual value of any hereditament shall be its net annual value (if any); and
 - (b) the rateable capital value of any hereditament shall be its capital value (if any).”.

Liability to be rated according to rateable values

6. For Article 18 of the principal Order (liability to be rated in respect of hereditaments) there shall be substituted the following Article—

“Liability to be rated in respect of hereditaments

18.—(1) Subject to the provisions of this Order, every occupier of a hereditament which is included in the valuation lists shall be chargeable to rates in respect of the hereditament according to its rateable values.

(2) In respect of a specified hereditament which has a rateable capital value regulations may—

- (a) specify, or provide for there to be determined under the regulations—
 - (i) its maximum capital value;
 - (ii) its minimum capital value; and
- (b) provide that a person shall be liable in respect of its—
 - (i) maximum capital value instead of its rateable capital value, if its rateable capital value exceeds its maximum capital value;
 - (ii) minimum capital value instead of its rateable capital value, if its rateable capital value is less than its minimum capital value.

(3) In paragraph (2) “specified hereditament” means a hereditament which falls within a class specified in regulations under that paragraph.”.

Liability to be rated in respect of hereditaments owned by the Housing Executive etc.

7. After Article 23 of the principal Order (liability of occupier for rates unpaid by owner) there shall be inserted the following Article—

“Liability to be rated in respect of hereditaments owned by the Housing Executive etc.

23A.—(1) Regulations may provide that a person shall be chargeable to rates in respect of a hereditament in the social sector as if its rateable capital value were such figure as may be determined by the Department (its “social sector value”).

(2) The Department shall determine the social sector value of a hereditament so as to ensure that the amount of rates chargeable is such proportion of any rent payable to the owner as the Department considers appropriate.

(3) In this Article—

“hereditament in the social sector” means a dwelling-house which is owned by the Northern Ireland Housing Executive, a registered housing association or such other body as may be prescribed;

“registered”, in relation to a housing association, means registered in the register maintained under Part II of the Housing (Northern Ireland) Order 1992 (NI 15).

(4) Regulations may provide for such references in this Order to rateable capital value as may be prescribed to be construed as references to social sector value in relation to a hereditament in the social sector.

(5) Regulations under this Article shall be subject to affirmative resolution.”.

Basis of valuation

8.—(1) In Article 39 of the principal Order (basis of valuation), for paragraph (1) there shall be substituted the following paragraphs—

“(1) For the purposes of this Order every hereditament shall, except as provided by paragraphs (1A) to (1C), be valued upon an estimate of its net annual value.

(1A) For the purposes of this Order the following hereditaments shall be valued upon an estimate of their capital value—

- (a) any dwelling-house;
- (b) any private garage;
- (c) any private storage premises.

(1B) For the purposes of this Order, every hereditament which, though not a dwelling-house, is used partly for the purposes of a private dwelling shall be valued upon an estimate both of its net annual value and of its capital value.

(1C) For the purposes of paragraphs (1A) and (1B), any hereditament—

- (a) which is not in use; and
- (b) which the Commissioner or the district valuer considers will, when next in use, fall within any sub-paragraph of paragraph (1A) or within paragraph (1B),

PART II

shall be deemed to be in use and to fall within that sub-paragraph of paragraph (1A) or, as the case may be, within paragraph (1B).”.

(2) In Part I of Schedule 12 to the principal Order (basis of valuation), after paragraph 6 there shall be inserted the following paragraphs—

“Capital value - general rule

7.—(1) Subject to the provisions of this Schedule, for the purposes of this Order the capital value of a hereditament shall be the amount which, on the assumptions mentioned in paragraphs 9 to 15, the hereditament might reasonably have been expected to realise if it had been sold on the open market by a willing seller on the relevant capital valuation date.

(2) In estimating the capital value of a hereditament for the purposes of any revision of a valuation list, regard shall be had to the capital values in that valuation list of comparable hereditaments in the same state and circumstances as the hereditament whose capital value is being revised.

(3) The assumptions mentioned in paragraphs 9 to 15 shall apply for the purposes of determining whether one hereditament is a comparable hereditament in the same state and circumstances as another with the omission of sub-paragraphs (2) and (3) of paragraph 12.

(4) In sub-paragraph (1) “relevant capital valuation date” means 1st January 2005 or such date as the Department may substitute by order made subject to negative resolution for the purposes of a new capital value list.

Capital value - the assumptions

8. In this paragraph and paragraphs 9 to 15—

“development” has the meaning given by Article 2(2) of the Planning Order;

“flat”, in relation to a building, means a dwelling which is a separate set of premises, whether or not on the same floor, divided horizontally from some other part of the building;

“incumbrance” means any incumbrance, whether capable of being removed by the seller or not, except service charges;

“permitted development” means development for which planning permission is not required or for which no application for planning permission is required;

“Planning Order” means the Planning (Northern Ireland) Order 1991 (NI 11);

“planning permission” has the meaning given by Article 2(2) of the Planning Order;

“rentcharge” has the meaning given by section 27(1) of the Ground Rents Act (Northern Ireland) 2001 (c. 5).

9. The sale is with vacant possession.

10. The estate sold is the fee simple absolute or, in the case of a flat, a lease for 99 years at a nominal rent.

11. The hereditament is sold free from any rentcharge or other incumbrance.

12.—(1) The hereditament is in an average state of internal repair and fit out, having regard to the age and character of the hereditament and its locality.

(2) The hereditament is otherwise in the state and circumstances in which it might reasonably be expected to be on the relevant date.

(3) In sub-paragraph (2) “relevant date” means 1st April 2007 or such date as the Department may substitute by order made subject to negative resolution for the purposes of a new capital value list.

13. The hereditament has no development value other than value attributable to permitted development.

14.—(1) A hereditament falling (or deemed to fall) within any sub-paragraph of Article 39(1A) will always fall within that sub-paragraph.

(2) A hereditament falling (or deemed to fall) within paragraph (1B) of Article 39 will always fall within that paragraph.

15.—(1) There has been no relevant contravention of—

(a) any statutory provision; or

(b) any requirement or obligation, whether arising under a statutory provision, an agreement or otherwise.

(2) In sub-paragraph (1) “relevant contravention” means a contravention which would affect the capital value of the hereditament.

Hereditaments used partly for the purposes of a private dwelling

16.—(1) This paragraph applies where a hereditament is required to be valued upon an estimate both of its net annual value and of its capital value.

(2) Where this paragraph applies—

- (a) the net annual value of the hereditament shall be that portion of the rent mentioned in paragraph 1 which can reasonably be regarded as attributable to the use of the hereditament other than for the purposes of a private dwelling;
- (b) the capital value of the hereditament shall be that portion of the amount mentioned in paragraph 7 which can reasonably be regarded as attributable to the use of the hereditament for the purposes of a private dwelling.”.

Payment by instalments

Right to pay rates by instalments

9. The following provisions of Article 29 of the principal Order (right to pay rates on dwellings by instalments) shall cease to have effect—

- (a) in paragraph (1) the words “Subject to paragraph (1A)”;
- (b) paragraph (1A) (right to pay rates by instalments not available in respect of certain hereditaments);
- (c) in the heading to Article 29, the words “on dwellings”.

PART II

Deferred payment of rates

Agreements for deferred payment of rates on dwellings

10.—(1) After Article 29 of the principal Order (right to pay rates on dwellings by instalments) there shall be inserted the following Article—

“Agreements for deferred payment of rates on dwellings

29A.—(1) Regulations may provide that the Department may enter into an agreement with the occupier of a hereditament for the payment of rates in respect of the capital value of the hereditament to be deferred, if—

- (a) he has attained pensionable age and is the owner of the hereditament;
- (b) the hereditament either is a dwelling-house or, though not a dwelling-house, is used partly for the purposes of a private dwelling; and
- (c) prescribed conditions are satisfied.

(2) Regulations may contain such provision as the Department considers necessary or expedient for the purposes of this Article, including provision—

- (a) as to the terms of the agreement (including terms as to repayment, the payment of interest and other charges and as to the termination of the agreement);
- (b) for the amount outstanding under the agreement to be a charge on the hereditament;

(c) for an agreement to apply to the amount outstanding under an agreement made in respect of the same hereditament by the deceased spouse or civil partner of the occupier;

(d) for the meaning of “owner” and “pensionable age” in paragraph (1).

(3) Regulations shall not be made under this Article unless a draft of them has been laid before, and approved by a resolution of, the Assembly.”.

(2) In Schedule 11 to the Land Registration Act (Northern Ireland) 1970 (c. 18) (matters which require to be registered in the Statutory Charges Register), after paragraph 47 there shall be added the following paragraph—

“48. Any agreement under regulations under Article 29A of the Rates (Northern Ireland) Order 1977.”.

PART III

PART III

VALUATION LISTS

General provisions as to valuation lists

11.—(1) In Article 40 of the principal Order (general provisions as to valuation lists), for paragraphs (1) and (2) there shall be substituted the following paragraphs—

“(1) The Commissioner shall maintain the following lists prepared, and from time to time altered, by him in accordance with this Part—

(a) a list of hereditaments required to be valued upon an estimate of their net annual value (in this Order referred to as a NAV list);

(b) a list of hereditaments required to be valued upon an estimate of their capital value (in this Order referred to as a capital value list).

(2) There shall be entered in a NAV list in respect of each hereditament which is required to be valued as mentioned in paragraph (1)(a)—

(a) its net annual value; and

(b) such other particulars as the Department may determine.

(2A) There shall be entered in a capital value list in respect of each hereditament which is required to be valued as mentioned in paragraph (1)(b)—

(a) its capital value; and

(b) such other particulars as the Department may determine.

(2B) Paragraphs (2) and (2A) are without prejudice to the provisions of this Part and subject to any other statutory provision.”.

(2) Article 40 of the principal Order shall be further amended as follows—

(a) in paragraph (4), after the words “net annual value” there shall be inserted the words “or the capital value”;

(b) in paragraph (7)—

(i) for the word “list” in each place where it occurs there shall be substituted the word “lists”;

(ii) after “6(3)(b),” there shall be inserted “(4) or (5)”;

(iii) for the word “values” in the first place where it occurs there shall be substituted the words “net annual values or capital values”;

(c) in paragraph (8)—

- (i) for “6(3)(b)(i)” there shall be substituted “6(4)”;
 - (ii) for the word “list” in the first place where it occurs there shall be substituted the word “lists”;
 - (iii) for the words “that list” in both places where they occur there shall be substituted the words “those lists”.
- (3) In Article 2(2) of the principal Order (interpretation)—
- (a) after the definition of “building” there shall be inserted the following definitions—
 - ““capital value” shall be construed in accordance with Article 39;
 - “capital value list” has the meaning given by Article 40(1)(b);”;
 - (b) after the definition of “modify” there shall be inserted the following definition—
 - ““NAV list” has the meaning given by Article 40(1)(a);”;
 - (c) in the definition of “new valuation list”, for the words from “a valuation list” to the end there shall be substituted the words “a new valuation list published under Article 45(1)”;
 - (d) in the definition of “valuation list”, for the words from “has the meaning” to the end there shall be substituted the words “means a capital value list or a NAV list”;
 - (e) in the definition of “the valuation list”, for “list” in the second place where it occurs there shall be substituted the word “lists”.
- (4) In Article 2(4) of the principal Order, for the word “the” in the first, third and fifth places where it occurs there shall be substituted the word “a”.

PART III

New valuation lists

12.—(1) Article 45 of the principal Order (new valuation lists) shall be amended as follows.

(2) For paragraph (1) (preparation and issue of new valuation lists) there shall be substituted the following paragraph—

“(1) The Department may require the Commissioner to prepare and publish a new valuation list containing a general revaluation of such hereditaments as the Department may determine.”.

(3) In paragraph (2) (commencement of new valuation lists), for the word “issued” there shall be substituted the word “published”.

(4) For paragraph (3) (regulations with respect to new valuation lists) there shall be substituted the following paragraphs—

“(3) The manner, form and date of publication of a new valuation list shall be determined by the Department.

(3A) When the Commissioner publishes a new valuation list, he shall—

(a) send a certified copy of the list—

(i) to the Department; and

(ii) to each district council; and

(b) make the list available for inspection by the public in electronic form.”.

(5) In paragraph (4) (references to the valuation list), for the words “44 to the” there shall be substituted the words “43 to a”.

(6) For paragraph (5) (alteration of new valuation list before it comes into force) there shall be substituted the following paragraph—

“(5) The Commissioner may alter, and the district valuer may cause to be altered, a new valuation list in relation to any hereditament after the list has been published but before it comes into force and the Commissioner or, as the case may be, the district valuer shall serve a certificate showing any such alteration on—

- (a) the Department;
- (b) the occupier of the hereditament; and
- (c) the district council or any relevant undertaker within the meaning of the Water and Sewerage Services (Northern Ireland) Order 2006, if it so requests.”.

(7) In paragraph (10) (power to make changes before issue of new valuation list), for the words “issue of the” there shall be substituted the words “publication of a”.

Access to valuation lists

13. For Article 46 of the principal Order (deposit and inspection of copies of valuation list) there shall be substituted the following Article—

“Access to valuation lists

46.—(1) The Commissioner shall take such steps as he considers appropriate to notify the public of the publication of a new valuation list.

(2) The Department and each district council shall arrange for facilities to be available at any reasonable time for the public to have access to the valuation lists in electronic form.

(3) After the publication of a new valuation list, the Department and each district council shall take such steps as they consider appropriate to notify the public of arrangements made by them under paragraph (2).

(4) Any person may require the Department or a district council to provide him with a copy of any part of a valuation list, in hard copy or in electronic form, on payment of such fee (if any) as the Department or the district council may determine.

(6) The fee for any such copy must not exceed the administrative cost of providing it.”.

PART IV

RELIEFS AND EXEMPTIONS ETC.

Rate relief

Rate relief scheme

14. After Article 30 of the principal Order (discount on rates on dwellings) there shall be inserted the following Article—

“Rate relief in respect of dwellings

30A.—(1) The amount which, apart from this Article, would be payable on account of a rate in respect of a dwelling-house shall for each year be a lesser

amount calculated in accordance with a scheme contained in regulations made under this Article (the “rate relief scheme”).

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(2) Regulations under this Article may make such provision as the Department considers necessary or expedient for the purposes of this Article.

(3) Regulations under this Article may include—

(a) provision for purposes corresponding to those of any statutory provision which has any application in relation to housing benefit; and

(b) provision applying any such statutory provision with modifications.

(4) Nothing in paragraph (3) shall affect the generality of paragraph (2).

(5) Regulations under this Article shall be subject to negative resolution.”.

Persons under 18 and persons in education and training or leaving care

Persons under 18 and persons in education and training or leaving care

15. After Article 30A of the principal Order (inserted by Article 14) there shall be inserted the following Article—

“Dwellings occupied by persons under 18 and persons in education and training or leaving care

30B.—(1) Regulations may provide that a person shall not be chargeable to rates in respect of a hereditament for such periods as may be prescribed when—

(a) the hereditament is used wholly for the purposes of a private dwelling or falls within a prescribed class; and

(b) every occupier of it qualifies for rate relief under this Article and occupies the hereditament as his only or principal residence.

(2) A person qualifies for rate relief under this Article if—

(a) he—

(i) is under the age of 18; or

(ii) satisfies such conditions relating to education or training or to leaving care as may be prescribed; and

(b) complies with such requirements as may be prescribed.

(3) A person shall be regarded for the purposes of this Article as occupying a hereditament as his only or principal residence if he resides there during such periods as may be prescribed.

(4) Regulations may provide that—

(a) a person shall not be chargeable to rates by virtue of this Article only if he makes an application to the Department containing such information as the Department may reasonably require; and

(b) a person aggrieved by a decision of the Department under the regulations may—

(i) require the Department to review its decision; and

(ii) appeal to the Valuation Tribunal.

(5) Regulations may provide that a prescribed body listed in Schedule 13 shall not be chargeable to rates in respect of a hereditament for such periods as may be prescribed while the hereditament is used mainly for the accommodation of

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persons who satisfy such conditions as to education as may be prescribed.”.

Persons with a disability

“Disability”

16.—(1) Article 2 of the principal Order (interpretation) shall be amended as follows.

(2) In paragraph (2), for the definition of “disabled person” there shall be substituted the following definition—

““disability” shall be construed in accordance with paragraph (2A);”.

(3) After paragraph (2) there shall be inserted the following paragraph—

“(2A) For the purposes of this Order a person has a disability if he—

- (a) is substantially and permanently disabled (whether by illness, injury, congenital deformity or otherwise); or
- (b) suffers from mental disorder within the meaning of the Mental Health (Northern Ireland) Order 1986 (NI 4).”.

Rate rebates for certain hereditaments with special facilities for persons with disabilities

17.—(1) Article 31A of the principal Order (rate rebates for certain hereditaments with special facilities for persons with disabilities) shall have effect as follows.

(2) In paragraph (1), for “, (8) and (11)” there shall be substituted “and (8)”.

(3) For paragraphs (2) and (3) there shall be substituted the following paragraphs—

“(2) This Article applies to—

- (a) a hereditament in which there is a facility which is required for meeting the needs of a person who resides in the hereditament and has a disability, including a facility of either of the following descriptions—
 - (i) a room, other than a kitchen, bathroom or lavatory, which is wholly or mainly used (whether for providing therapy or for other purposes) by such a person; or
 - (ii) an additional kitchen, bathroom or lavatory; and
- (b) a hereditament in which there is sufficient floor space to permit the use of a wheelchair used by and required for meeting the needs of a person who resides in the hereditament and has a disability.

(3) In paragraph (2)—

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- (a) references to a person who resides in a hereditament include references a person who is usually resident there; and
- (b) subject to paragraph (3A), references to a facility or a wheelchair being required for meeting the needs of a person who has a disability are references to its being essential or of major importance to that person’s well-being by reason of the nature and extent of the disability.

(3A) A wheelchair is not required for meeting a person’s needs if he does not need to use it within the living accommodation comprising or included in the hereditament.”.

(4) In paragraph (4), for the words “disabled person” in both places where it occurs there shall be substituted the words “person with a disability”.

(5) For paragraphs (10) and (11) (amount of rebate) there shall be substituted the following paragraph—

“(10) The amount of a rebate shall be so much of the rates chargeable in respect of the hereditament for, or properly apportionable to, the rebate period or the relevant part of it as is referable to 25 per cent. of its rateable capital value.”.

(6) Paragraph (11) shall be omitted.

(7) After paragraph (11) there shall be inserted the following paragraph—

“(11A) If the Department decides that an applicant for a rebate is not entitled to a rebate, it shall serve notice of its decision on the applicant.”.

(8) For paragraph (12) there shall be substituted the following paragraphs—

“(12) Any person who is aggrieved by a decision of the Department under paragraph (11A) may, within twenty-eight days of the service on him of a notice under that paragraph, apply to the Department for a review by the Department of its decision.

(12A) The Department shall serve on that person a notice of the result of the review.

(12B) If that person is dissatisfied with the result of the review, he may appeal to the Valuation Tribunal.

(12C) The Department or any person aggrieved by a decision of the Valuation Tribunal under paragraph (12B) as being erroneous on a point of law may require the Valuation Tribunal to state and sign a case for the Court of Appeal.”.

(9) After paragraph (13) there shall be added the following paragraph—

“(14) Where the person entitled to a rebate under this Article is also entitled to a rebate under the new rate relief scheme in respect of the same hereditament and period, that scheme shall have effect as if the rates chargeable in respect of the hereditament for that period were reduced by the amount of the rebate under this Article.”.

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Transitional relief

Transitional rate relief

18.—(1) Article 33A of the principal Order (transitional rate relief) shall be amended as follows.

(2) In paragraph (1)—

(a) for the words from the beginning to “of the new valuation list,” there shall be substituted the words “Where this Article applies,”; and

(b) in sub-paragraph (b)(ii), for the words “any such difference in the net annual value” there shall be substituted the words “the new net annual value or the new capital value”.

(3) For paragraph (2) there shall be substituted the following paragraphs—

“(2) This Article applies where, on the coming into force of a new valuation list—

(a) a new net annual value; or

(b) a new capital value,

is ascribed to a specified hereditament in that list.

(3) In this Article—

“a new capital value”, in relation to a specified hereditament, means—

- (a) a capital value which differs from the capital value ascribed to the hereditament in an old list;
- (b) a capital value where no capital value was ascribed to the hereditament in an old list;

“new net annual value”, in relation to a specified hereditament, means—

- (a) a net annual value which differs from the net annual value ascribed to the hereditament in an old list;
- (b) a net annual value where no net annual value was ascribed to the hereditament in an old list;

“old list” means a valuation list in force immediately before the coming into force of the new valuation list referred to in paragraph (2) (including a valuation list which continues to have effect thereafter);

“specified hereditament” means a hereditament of such a class as may be specified in an order under paragraph (1).”.

Charitable exemptions

Extension of exemption relating to sale of goods donated to a charity

19. In Article 41 of the principal Order (distinguishment in valuation list of hereditaments used for public, charitable or certain other purposes), for paragraph (5) (hereditaments treated as used for charitable purposes to the extent used for sale of goods donated to a charity) there shall be substituted the following paragraphs—

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“(5) Notwithstanding anything in paragraph (4) and without prejudice to the generality of paragraph (2)(c)(ii), a hereditament shall be treated as used for charitable purposes—

- (a) to the extent that it is used for the sale of goods donated to a charity, and
- (b) if it is mainly used for the sale of goods donated to a charity, to the extent that it is used for the sale of other goods if they are of a description specified in an order made by the Department,

so long as the proceeds of the sale of the goods mentioned in sub-paragraph (a) (after any deduction of expenses) are applied for the purposes of a charity.

(5A) The Department shall not make an order under paragraph (5)(b) unless a draft of the order has been laid before, and approved by resolution of, the Assembly.”.

Extension of charitable exemption for clergy residences

20.—(1) Paragraph (8) of Article 41 of the principal Order (exemption for clergy residences if an interest in the hereditament belongs to, or to trustees for, a religious body) shall be amended as follows.

(2) The words “an interest in which belongs to, or to trustees for, a religious body and” shall cease to have effect.

(3) In sub-paragraph (a), the words “(in right of that interest)” shall cease to have effect.

(4) In sub-paragraph (b), for the words “(in right of that interest)” there shall be substituted the words “, in right of an interest which belongs to, or to trustees for, a religious body,”.

Unoccupied hereditaments

Power to prescribe exemption where hereditament has both a capital value and a net annual value

21. In Article 25A of the principal Order (liability to be rated in respect of certain unoccupied hereditaments), after paragraph (3) there shall be inserted the following paragraph—

“(3A) Regulations may provide that where a hereditament has both a capital value and a net annual value, a person shall not be chargeable to rates under this Article in respect of its capital value.”.

Power to remove exemption for unoccupied dwelling-houses etc.

22.—(1) Paragraph 1 of Schedule 8A to the principal Order (hereditaments to which that Schedule applies) shall be amended as follows.

(2) In sub-paragraph (1)—

(a) in head (b) for “the valuation list” substitute “a valuation list”;

(b) for head (c) there shall be substituted the following head—

“(c) except as provided by an order made by the Department, it is not a dwelling-house, a private garage or private storage premises.”.

(3) After sub-paragraph (3) there shall be added the following sub-paragraph—

“(4) The Department shall not make an order under sub-paragraph (1)(c) unless a draft of the order has been laid before, and approved by a resolution of, the Assembly.”.

Power to prescribe reduction in amount payable

23. For paragraph 2 of Schedule 8A to the principal Order (reduction of 50 per cent in amount payable in respect of certain unoccupied hereditaments) there shall be substituted the following paragraph—

“2.—(1) The amount which, apart from this paragraph, would be payable on account of a rate in respect of any hereditament by virtue of Article 25A shall be reduced by the appropriate percentage.

(2) In sub-paragraph (1) the “appropriate percentage” means in relation to any hereditament 50 per cent. or such other percentage as may be substituted in relation to that hereditament by an order made by the Department.

(3) The Department shall not make an order under sub-paragraph (2) unless a draft of the order has been laid before, and approved by a resolution of, the Assembly.”.

Former agricultural land, etc.

Reduction of rates on former agricultural land, etc.

24.—(1) After Article 31 of the principal Order (reduction of rates on certain hereditaments used for recreation) there shall be inserted the following Article—

“Reduction of rates on former agricultural land etc.

31AA.—(1) Subject to paragraph (10), the amount which, apart from this Article, would be payable on account of a rate in respect of the net annual value of a hereditament to which this Article applies shall for each qualifying year be reduced by 50 per cent.

(2) This Article applies to a hereditament which—

- (a) consists wholly or mainly of land or buildings which were for the qualifying period but are no longer agricultural land or buildings;
- (b) is occupied by a qualifying person;
- (c) has a net annual value not exceeding £7,000; and
- (d) is not used for the production of, or trade in, any agricultural products.

(3) In this Article—

“agricultural land or buildings” means—

- (a) agricultural land;
- (b) agricultural buildings;
- (c) livestock or poultry buildings;

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“agricultural product” means any product listed in Annex I to the EEC Treaty;

“qualifying period” means at least 183 days (which need not be consecutive days) in the twelve months immediately preceding the commencement of Article 24 of the Rates (Amendment) (Northern Ireland) Order 2006;

“qualifying person” means, subject to paragraph (4),—

- (a) the occupier during the qualifying period of the land or buildings mentioned in paragraph (2)(a); or
- (b) a member of his family;

“qualifying year”, in relation to a hereditament, means so much of any year as includes any part of the period of 36 months beginning with—

- (a) the commencement of Article 21 of the Rates (Amendment) (Northern Ireland) Order 2006; or
- (b) if later, the day on which this Article first applied to it.

(4) For the purposes of the definition of “qualifying person” in paragraph (3), if the occupier during the qualifying period was a body corporate or a partnership, the reference to the occupier shall be treated as including a reference to—

- (a) in the case of a body corporate, any person who, on each of the days constituting the qualifying period, had (alone or together with members of that person’s family)—
 - (i) more than half the voting rights in the company, or
 - (ii) the right to appoint or remove a majority of the directors of the company; or
- (b) in the case of a partnership, any person who, together with members of that person’s family, were, on each of those days, both, all or a majority of the partners in the partnership.

(5) For the purposes of this Article a person is a member of another’s family if—

- (a) he is the spouse or civil partner of that person, or he and that person live

- together as husband and wife or as if they were civil partners;
- (b) he is that person's parent, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew or niece or is the child of that person's uncle or aunt.
- (6) For the purposes of paragraph (5)—
- (a) a relationship by marriage shall be treated as a relationship by blood;
- (b) a relationship of the half-blood shall be treated as a relationship of the whole blood; and
- (c) the stepchild of a person shall be treated as his child.
- (7) For the purposes of paragraph (2)(a)—
- (a) there shall be disregarded any part of the hereditament which, on the days which are taken into account for the purposes of determining whether the condition set out in paragraph (2)(a) is met, was used for the purposes of a private dwelling; and
- (b) a building which has replaced an agricultural building or a livestock or poultry building shall be treated as if it were the original building.
- (8) If a reduction under this Article, or any adjustment in it, affects the amount levied on account of a rate in respect of a hereditament for any year, the difference—
- (a) if too much has been paid, shall be repaid or allowed; or
- (b) if too little has been paid, shall be paid and may be recovered as if it were arrears of the rate.
- (9) So much of any reduction or repayment under this Article as contravenes a Community obligation shall be recoverable as if it were a debt due to the Department on account of a rate.
- (10) This Article shall not apply to a hereditament in respect of any year ending after 31st March 2010 unless that year is a qualifying year in relation to that hereditament.
- (11) The Department may by order made subject to affirmative resolution amend—
- (a) the amount mentioned in paragraph (2)(c); or
- (b) the date mentioned in paragraph (10).”.

Other exemptions

Exemption for automatic telling machines in rural areas

25. In Article 42 of the principal Order (distinguishment in valuation list of certain hereditaments exempted from rates), after paragraph (1E) there shall be inserted the following paragraphs—

“(1F) There shall be distinguished in the NAV list as wholly exempt from rates any automatic telling machine which is situated in a rural area during the relevant year.

(1G) In paragraph (1F)—

“automatic telling machine” means a hereditament which is used only for the purposes of a machine which provides automatic telling and other services on behalf of a bank or building society;

“relevant year” means any year beginning on or after the commencement of Article 25 of the Rates (Amendment) (Northern Ireland) Order 2006 and ending before 1st April 2010 or on such later date as the Department may by order made subject to affirmative resolution specify;

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“rural area” means a ward designated by the Department by order subject to negative resolution as a rural area for the purposes of paragraph (1F);

“ward” has the same meaning as it has for local government purposes.”.

Power to remove exemption for private dwellings from completion notices

26.—(1) Paragraph 1 of Schedule 8B to the principal Order (new buildings - service of completion notices) shall be amended as follows.

(2) In sub-paragraph (6) (completion notice not to be served if building is, or when next in use will be, used wholly for the purposes of a private dwelling), for the word “The” there shall be substituted the words “Except as provided by an order made by the Department, the”.

(3) After that sub-paragraph there shall be added the following sub-paragraphs—

“(7) The Department shall not make an order under sub-paragraph (6) unless a draft of the order has been laid before, and approved by a resolution of, the Assembly.

(8) An order under sub-paragraph (6) may contain such incidental, supplemental and transitional provisions as the Department considers necessary or expedient, including provisions modifying this Schedule.”.

Power to extend exemption from completion notices

27. In paragraph 1 of Schedule 8B to the principal Order (new buildings - service of completion notices), after sub-paragraph (8) (added by Article 26(3)) there shall be added the following sub-paragraph—

“(9) The Department shall not serve a completion notice in relation to a building of a prescribed class.”.

Reduction of regional rate on dwellings

Abolition of reduction of regional rate on dwellings

28. Article 27 of the principal Order (reduction of regional rate on dwellings) shall cease to have effect.

PART V

APPLICATIONS AND APPEALS

Valuation Tribunal

The Northern Ireland Valuation Tribunal

29.—(1) After Article 36 of the principal Order (the Commissioner, district valuers and the Valuation Office) there shall be inserted the following Article—

*“The Valuation Tribunal***The Valuation Tribunal**

36A.—(1) There shall be a tribunal to be known as the Northern Ireland Valuation Tribunal which shall exercise the jurisdiction conferred on it by this Order or any other statutory provision.

(2) In this Order “the Valuation Tribunal” means the Northern Ireland Valuation Tribunal.

(3) Schedule 9B (which makes further provision about the Valuation Tribunal) shall have effect.”.

(2) After Schedule 9A to the principal Order there shall be inserted as Schedule 9B the Schedule set out in Schedule 1.

*Applications under Article 49 of the principal Order***Frivolous or vexatious applications**

30. In Article 49 of the principal Order (revision of valuation list, and alteration, by district valuer), after paragraph (5) there shall be added the following paragraph—

“(6) If the district valuer decides that an application served on him is frivolous or vexatious—

(a) he shall serve on the applicant notice of his decision; and

(b) sub-paragraphs (a) and (b) of paragraph (1) shall not have effect in relation to that application.”.

Transfer of application from the district valuer to the Commissioner

31. After Article 49 of the principal Order there shall be inserted the following Article—

“Transfer to the Commissioner of application under Article 49

49A.—(1) The district valuer may, with the consent of the applicant, transfer to the Commissioner an application served on the district valuer under Article 49.

(2) Where an application is transferred under this Article, the functions of the district valuer in relation to the application served on him shall be exercisable by the Commissioner.”.

*Appeals to the Commissioner under Article 51 of the principal Order***Power to transfer appeal to the Lands Tribunal not to apply in prescribed cases**

32. In Article 53 of the principal Order (power of Commissioner to transfer appeal to the Lands Tribunal), in paragraph (1), for the word “Where” there shall be substituted the words “Except in prescribed cases, where”.

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*Appeals from the Commissioner***Appeals from the Commissioner**

33. For Article 54 of the principal Order (appeal to Lands Tribunal from decision of Commissioner) there shall be substituted the following Articles—

“Appeal from decision of Commissioner

- 54.—(1) Any person, other than the Department, who is aggrieved by—
- (a) the decision of the Commissioner under Article 49A or on an appeal under Article 51; or
 - (b) an alteration made by the Commissioner in a valuation list in consequence of such a decision,

may appeal to the appropriate Tribunal.

- (2) On an appeal under this Article the Tribunal may—
- (a) make any decision that the Commissioner might have made; and
 - (b) if any alteration in a valuation list is necessary to give effect to the decision, direct that the list be altered accordingly.

(3) On an appeal under this Article, any valuation shown in a valuation list with respect to a hereditament shall be deemed to be correct until the contrary is shown.

- (4) In this Article “the appropriate Tribunal” means—
- (a) in relation to such appeals as may be prescribed, the Valuation Tribunal;
 - (b) in relation to any other appeals, the Lands Tribunal.

Appeal from decision or direction of Valuation Tribunal

54A.—(1) Any person who is dissatisfied with any decision or direction of the Valuation Tribunal under Article 13 or paragraph (2) of Article 54 may, with the leave of—

- (a) the President of the Lands Tribunal; or
- (b) the President of the Valuation Tribunal,

appeal to the Lands Tribunal.

(2) If the Commissioner considers that a decision or direction of the Valuation Tribunal raises a point of general importance, he may, with the leave of—

- (a) the President of the Lands Tribunal; or
- (b) the President of the Valuation Tribunal,

refer that decision or direction to the Lands Tribunal.

- (3) On an appeal or reference under this Article the Lands Tribunal may—
- (a) make any decision that the Valuation Tribunal might have made;
 - (b) if any alteration in a valuation list is necessary to give effect to the decision, direct that the list be altered accordingly;
 - (c) remit the appeal or any matter arising on it to the Valuation Tribunal with such declarations or directions as the Lands Tribunal thinks proper.

(4) The Valuation Tribunal shall have regard to any declarations and obey any directions under paragraph (3)(c).

(5) On an appeal under this Article, any valuation shown in a valuation list with respect to a hereditament shall be deemed to be correct until the contrary is shown.”.

PART VI
MISCELLANEOUS AND SUPPLEMENTARY

Payment of interest

Payment of interest

34. After Article 15 of the principal Order (refund of overpayments), there shall be inserted the following Article—

“Payment of interest

15A. Regulations may make provision for interest calculated in accordance with the regulations to be payable by the Department in such manner and in such circumstances as may be prescribed.”.

Rating of owners instead of occupiers

Rating of owners instead of occupiers in certain cases

35.—(1) Article 20 of the principal Order (rating of owners instead of occupiers in certain cases) shall be amended as follows.

(2) For paragraph (1) there shall be substituted the following paragraphs—

“(1) Subject to the provisions of this Order, rates shall be payable by, and levied on, the owner, instead of the occupier, of a hereditament if any of the following sub-paragraphs applies—

- (a) the net annual value of the hereditament does not exceed £750;
- (b) the capital value of the hereditament does not exceed £55,000;
- (c) both the following conditions are satisfied—
 - (i) the rent of the hereditament is payable or is collected at intervals shorter than quarterly or the tenancy agreement (if any, and all of them if more than one) does not provide when it is payable or collected; and
 - (ii) either its net annual value does not exceed £1,590 or its capital value does not exceed £150,000; or
- (d) separate parts of the hereditament are let as apartments or lodgings; or
- (e) the hereditament consists of or includes a house in multiple occupation. PART VI

(1A) Where a hereditament has a net annual value and a capital value, the conditions in sub-paragraphs (a) and (b) or, as the case may be, in sub-paragraph (c)(ii) of paragraph (1) must be satisfied.

(1B) In paragraph (1)(e) “house in multiple occupation” has the same meaning as in Part IV of the Housing (Northern Ireland) Order 1992 (NI 15) except that—

- (a) a person under the age of 16 shall not be treated as a qualifying person for the purposes of that definition; and
- (b) paragraphs (5) and (6) of Article 31AA shall apply for the purposes of determining whether a person is a member of another person’s family for the purposes of this paragraph as they apply for the purposes of that Article.”.

(3) For paragraph (5) (power to amend paragraph (1) by order) there shall be substituted the following paragraph—

“(5) The Department may by order made subject to affirmative resolution substitute a different limit for any limit specified in paragraph (1)(a), (b) or (c)(ii); but any such order shall not affect any person’s liability for rates for any period before the coming into force of the first new valuation list to come into force after the date of the order, being a valuation list relevant to the net annual value or capital value of the hereditament in question.”.

Powers to require information

Power to require information about occupiers of hereditaments in capital value list, etc.

36.—(1) Article 26 of the principal Order (power of Department to require information as to ownership, etc., of hereditaments) shall be amended as follows.

(2) After paragraph (2) there shall be inserted the following paragraph—

“(2ZA) The Department may, for the purposes of this Order, serve a notice on any relevant person requiring him to state to the Department in writing, within a period and in the manner specified in the notice, the following information if it is within his knowledge or control—

- (a) the name of the occupier of a hereditament specified in the notice;
- (b) the name and address of the owner of a hereditament specified in the notice.”.

(3) In paragraph (2B)—

- (a) for the words “paragraph (2A)” there shall be substituted the words “paragraphs (2ZA) and (2A)”;
- (b) in sub-paragraph (d), the word “or” shall cease to have effect; and
- (c) after sub-paragraph (e) there shall be added the following sub-paragraph—

“(f) a relevant undertaker within the meaning of the Water and Sewerage Services (Northern Ireland) Order 2006.”.

Power to require information for valuation list purposes

37. For Article 59 of the principal Order (power to call for returns) there shall be substituted the following Article—

“Power to require information for valuation list purposes

59.—(1) The Commissioner or the district valuer, or any person authorised by the Commissioner or the district valuer in writing in that behalf, may serve a notice on any person requiring him to provide such information as may reasonably be required—

- (a) for the purpose of enabling a new valuation list to be accurately prepared; or
- (b) with a view to any revision or alteration of a valuation list.

(2) Any person on whom a notice is served under this Article shall comply with the notice within a period and in the manner specified in the notice.”.

Powers of entry

Powers of entry

38.—(1) In Article 26A of the principal Order (powers of entry of persons authorised by Department)—

(a) paragraph (2) (power of entry not exercisable in relation to dwelling-houses, etc.) shall cease to have effect”;

(b) for paragraph (3) there shall be substituted the following paragraph—

“(3) The occupier or, if the land is not occupied, the person entitled to possession of it shall give such assistance as the person mentioned in paragraph (1) may reasonably require to enter the land or for the purpose mentioned in that paragraph.”.

(2) In Article 58 of the principal Order (powers of entry of valuers), for paragraphs (2) to (4) there shall be substituted the following paragraph—

“(2) The occupier or, if the land is not occupied, the person entitled to possession of it shall give such assistance as the Commissioner or the person authorised by him may reasonably require to enter the land or for the purpose mentioned in paragraph (1).”.

(3) In Article 60 of the principal Order (offences)—

(a) in paragraph (4) (obstruction etc. of authorised person), the words “, other than the occupier or owner of land,” shall cease to have effect;

(b) for paragraph (5) there shall be substituted the following paragraph—

“(5) If any person fails without reasonable excuse to give any assistance which he is reasonably required to give under Article 26A or 58, he shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale.”.

PART VI

Amendments

Amendments

39. Schedule 2 (which amends the principal Order and other statutory provisions) shall have effect.

Repeals

Repeals

40. The statutory provisions set out in Schedule 3 are hereby repealed to the extent specified in the second column of that Schedule.

A.K. Galloway
Clerk of the Privy Council

SCHEDULES

SCHEDULE 1

Article 29(2).

SCHEDULE TO BE INSERTED IN PRINCIPAL ORDER AS SCHEDULE 9B

“SCHEDULE 9B

VALUATION TRIBUNAL

Introductory

1.—(1) In this Schedule—

“rules” means rules made under paragraph 7;

“the Tribunal” means the Valuation Tribunal.

(2) Until the commencement of section 5(1) of the Justice (Northern Ireland) Act 2002 (c. 26), references in this Schedule to the First Minister and deputy First Minister acting jointly or to the Office of the First Minister and deputy First Minister shall be construed as references to the Lord Chancellor.

Members

2.—(1) The Tribunal shall consist of the President and the other members of the Tribunal.

(2) The First Minister and deputy First Minister acting jointly shall appoint—

(a) a President of the Tribunal;

(b) other members of the Tribunal who must include—

(i) legal members;

(ii) members who have had experience in the valuation of land; and

(iii) ordinary members.

(3) A person may be appointed as the President or as a legal member of the Tribunal only if he is a barrister or solicitor of at least seven years' standing.

(4) The Lord Chief Justice may designate a legal member of the Tribunal to carry out the functions of the President when he is unable to act or when the office is vacant.

3.—(1) The members of the Tribunal shall hold and vacate office as such in accordance with the terms of their respective appointments.

(2) A person holding office as a member of the Tribunal may resign that office by giving notice in writing to the Office of the First Minister and deputy First Minister.

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(3) A member of the Tribunal who ceases to hold office is eligible for a subsequent appointment.

Remuneration etc.

4. The Office of the First Minister and deputy First Minister may pay to the members of the Tribunal such remuneration and allowances as the Office of the

First Minister and deputy First Minister may determine.

Sittings

5. The Tribunal shall sit at such times and in such places as the President may direct in accordance with general arrangements made by the Lord Chancellor.

Tribunals

6. The jurisdiction of the Tribunal may be exercised by a single tribunal or by two or more tribunals if the President so directs.

Rules

7.—(1) The Lord Chancellor may make rules—

- (a) regulating the exercise of a right of appeal to the Tribunal;
- (b) about practice and procedure in relation to proceedings before the Tribunal.

(2) Nothing in paragraphs 8 to 13 affects the generality of sub-paragraph (1).

(3) Rules made under this paragraph shall be subject to annulment in pursuance of a resolution of either House of Parliament in like manner as a statutory instrument and section 5 of the Statutory Instruments Act 1946 (c. 36) shall apply accordingly.

8. Rules may include provision—

- (a) determining by which tribunal any appeal is to be determined where the jurisdiction of the Tribunal is being exercised by more than one tribunal;
- (b) providing that the chairman of any such tribunal must be a legal member;
- (c) determining which members of the Tribunal are to hear any appeal;
- (d) enabling functions of the Tribunal specified in the rules to be discharged by such person as may be determined by or under the rules.

9. Rules may include provision—

- (a) specifying the procedure to be followed for initiating an appeal (including the time within which an appeal must be brought);
- (b) authorising an appeal to be disposed of with the consent of the parties on the basis of written representations in circumstances specified in the rules;
- (c) specifying the procedure to be followed before the hearing of an appeal;
- (d) authorising an appeal to be withdrawn before the hearing in circumstances specified in the rules.

10. Rules may include provision that, subject to any other provision of the rules, the Tribunal may regulate its own procedure.

11.—(1) Rules may include provision—

- (a) for requiring hearings of appeals to take place in public except in circumstances specified in the rules;
- (b) for parties to the appeal to be represented by such persons as may be determined by or under the rules;
- (c) for authorising hearings of appeals to proceed in the absence of a party or parties to the appeal in circumstances specified in the rules;
- (d) for requiring persons to attend to give evidence and produce documents;

- (e) as to evidence generally (whether written evidence or oral evidence given Article 39. under oath or affirmation);
- (f) as to the adjournment of hearings.

(2) Any person who without reasonable excuse fails to comply with any requirement imposed by virtue of sub-paragraph (1)(d) shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 1 on the standard scale.

12. Rules may include provision—

- (a) that where two or more members of a tribunal are acting the decision of the majority is to prevail or, if the votes are equal, the chairman is to have a casting vote;
- (b) requiring reasons for a decision to be given;
- (c) authorising a decision to be given orally or in writing;
- (d) authorising or requiring an order to be made in consequence of a decision;
- (e) that an order may require a valuation list to be altered;
- (f) enabling the Tribunal to review its decisions, or to vary or revoke an order of the Tribunal, in such circumstances as may be determined in accordance with the rules.

13. Rules may include provision—

- (a) for the registration and proof of decisions and orders of the Tribunal;
- (b) authorising the correction of clerical errors in records of decisions and orders;
- (c) requiring decisions, orders and corrections to be communicated to the parties to appeals.”.

SCHEDULE 2

AMENDMENTS

The Northern Ireland Assembly Disqualification Act 1975 (c. 25)

In Part II of Schedule 1 (bodies of which all members are disqualified), insert the following entry at the appropriate place—

“The Northern Ireland Valuation Tribunal”.

The principal Order

- (1) In Article 2 (interpretation), amend paragraph (2) as follows.
- (2) In the definition of “the Department”, for “Finance” substitute “Finance and Personnel”.
- (3) In the definition of “hereditament”, for “the valuation list” substitute “a valuation list”.
- (4) In the definition of “the penultimate year”, for “the valuation list” substitute “a valuation list”.
- (5) After the definition of “prescribed” insert the following definitions—
 - ““private garage” has the meaning given by paragraph 6 of Schedule 5;
 - “private storage premises” has the meaning given by paragraph 7 of Schedule 5;”.
- (6) In the definition of “regulations”, omit the words from “of the Environment” to

“require”.

(7) After the definition of “the valuation list” insert the following definition—

““the Valuation Tribunal” has the meaning assigned to it by Article 36A(2);”.

In Article 9 (levying of rates), in paragraph (5), for sub-paragraph (b) substitute the following sub-paragraph—

“(b) any rateable net annual value or rateable capital value of the hereditament and, where different, any net annual value or capital value of the hereditament;”.

In Article 10 (departures from valuation list in levying rates), in paragraph (1), for “the valuation list” substitute “a valuation list”.

(1) Amend Article 11 (appeal against rate) as follows.

(2) In paragraph (2)—

(a) in sub-paragraph (a), for “the valuation list” substitute “a valuation list”;

(b) omit sub-paragraph (b);

(c) in sub-paragraph (c), for “the valuation list” in both places where it occurs substitute “a valuation list”.

(3) In paragraph (3)(b)—

(a) for “the valuation list” where it first occurs substitute “any valuation list”;

(b) in head (i), for “the valuation list” substitute “any relevant list”;

(c) in head (ii), for “the net annual value” substitute “any net annual value or capital value”.

(1) Amend Article 13 (effect of alteration in valuation list) as follows.

(2) In paragraph (1)—

(a) in sub-paragraph (a)(iii), for “the valuation list last previously in force” substitute “a valuation list superseded by the new list to any extent in relation to the hereditament”;

(b) in sub-paragraph (e), for “to the Lands Tribunal” substitute “under Article 54 or 54A”.

(3) For paragraph (1A) substitute the following paragraph—

“(1A) Where an alteration falling within paragraph (1)(c)—

(a) increases or decreases the net annual value ascribed to the hereditament by an amount not exceeding £250 or such other amount as the Department may by order subject to affirmative resolution substitute; or

(b) increases the capital value ascribed to the hereditament,

the alteration shall have effect on and after the date of the commencement of the year immediately following the year in which the alteration is made.”.

(4) In paragraph (1C), for “the net annual value” substitute “any net annual value or capital value”.

(5) In paragraph (1D), for “54” substitute “54A”.

(6) For paragraph (2) substitute—

“(2) Any question as to the appropriate date for the purposes of paragraph (1)(f)(ii)—

(a) may be determined—

- (i) by the Lands Tribunal if the question arises in connection with a decision of the Lands Tribunal on an appeal under this Order; or
 - (ii) by the Valuation Tribunal, subject to any determination by the Lands Tribunal under head (i), if it arises in connection with a decision of the Valuation Tribunal on an appeal under the succeeding provisions of this Order; or
- (b) if it is not so determined, shall in the first instance be determined by the Department.”.

(7) In paragraph (3), for sub-paragraphs (a) and (b) substitute the following sub-paragraphs—

“(a) any person aggrieved by a determination made by the Department under that sub-paragraph may—

- (i) if the appropriate Tribunal is the Valuation Tribunal, appeal to the Valuation Tribunal;
- (ii) in any other case, to the Lands Tribunal; and

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(b) on an appeal under sub-paragraph (a), the Tribunal to which the appeal made may give such directions in the matter as it considers appropriate; and the Department and the Valuation Tribunal shall comply with any directions given to it under sub-paragraph (b).”.

(8) In paragraph (4), for “the list” substitute “a valuation list”.

(9) In paragraph (5) for “the valuation list” substitute “a valuation list”.

(1) Amend Article 14 (rating on basis of apportioned value in certain cases) as follows.

(2) In paragraph (1)—

- (a) for “the valuation list” substitute “a valuation list”;
- (b) after “net annual value” in both places where it occurs insert “or the capital value”.

(3) In paragraph (2)—

- (a) after “net annual value” in the first two places where it occurs insert “or the capital value”;
- (b) after “net annual value” in the last place where it occurs insert “or its capital value”;
- (c) in sub-paragraph (iii) for “the valuation list” substitute “a valuation list”;
- (d) for “the valuation list” in the last place where it occurs substitute “the appropriate valuation list”.

(4) In paragraph (3), for “21(1)(a) or (b)” substitute “21”.

In Article 15 (refund of overpayments), in paragraph (1)(b) for “list” substitute “lists”.

(1) Amend Article 16 (certificates and statements as to rates, etc.) as follows.

(2) In paragraph (1)(a) for “or the rateable value” substitute “, the capital value or the rateable values”.

(3) In paragraph (3)(b), omit the words “or 1st October 1973, whichever is the later”.

In Article 19 (general provisions as to liability and assessment to rate), omit sub-paragraph (ii) of paragraph (4) (person not entitled to recover sum unless application made within three months of his ceasing to be occupier of hereditament).

(1) Amend Article 30 (discount on rates on dwellings) as follows.

(2) In paragraph (2)(b), for “domestic element of the rateable value” substitute “rateable capital value”.

(3) Omit paragraph (4).

(1) Amend Article 31 (reduction of rates on certain hereditaments used for recreation) as follows.

(2) In the following provisions for “the valuation list” substitute “a valuation list”—

(a) paragraph (2)(c);

(b) paragraph (3).

(3) In paragraph (4)—

(a) for “the valuation list” where it first occurs substitute “a valuation list”;

(b) in sub-paragraph (a), for “the valuation list” substitute “that list”.

(4) In paragraph (6), in the definition of “the normal rate”, after “in respect of” insert “the net annual value of ”.

(1) Amend Article 31B (rate rebates for certain hereditaments used by institutions for persons with a disability) as follows.

(2) In paragraph (3)(c) and (d), for “disabled persons” substitute “persons with a disability”.

(3) In paragraph (11), for “54” substitute “54A”.

(4) In the heading to that Article, for “the disabled” substitute “persons with a disability”.

(1) Amend Article 32 (proceedings for recovery of rates) as follows.

(2) In paragraph (7)—

(a) in sub-paragraph (b), for “the valuation list” substitute “a valuation list”;

(b) omit sub-paragraph (c);

(c) in sub-paragraph (d)(i) and (ii), for “the valuation list” substitute “a valuation list”.

(3) In paragraph (8) for “section 72(1)” substitute “Article 63(1)”.

In Article 33B (hardship relief), in paragraph (3), for sub-paragraph (a) substitute—

“(a) has a net annual value; and”.

(1) Amend Article 39 (basis of valuation) as follows.

(2) In paragraph (2)—

(a) for “Articles 39A and 39B” substitute “Article 39A”;

(b) after “net annual value” insert “or the capital value”.

(3) In paragraph (3)(c), at the beginning insert “except as provided by paragraph 7(4) or 12(3),”.

(1) Amend Article 39A (time by reference to which, and basis on which, valuations to be made for new valuation list) as follows.

(2) In paragraph (1)—

(a) for “a specified” substitute “any”;

(b) for “new valuation list” substitute “new NAV list”.

(3) Omit paragraphs (2) and (3).

Omit Article 39B (adjusted net annual value).

(1) Amend Article 41 (distinguishment in valuation list of hereditaments used for public, charitable or certain other purposes) as follows.

(2) In paragraph (1), the words “in the valuation list as exempt from rates” shall cease to have effect.

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(3) For paragraph (3) substitute the following paragraphs—

“(3) The hereditament shall be distinguished—

(a) in the capital value list, if it is used for domestic purposes which are also exempting purposes, as exempt from rates under that list to one-half of the extent to which it is so used;

(b) in the NAV list, as exempt from rates under that list to the whole of the extent that it is used for exempting purposes which are not domestic purposes.

(3A) Where the hereditament is used otherwise than wholly for domestic purposes which are exempting purposes, the capital value of the hereditament shall be apportioned by the Commissioner or the district valuer between—

(a) the use of the hereditament for domestic purposes which are exempting purposes; and

(b) the use of the hereditament for other purposes (so far as relevant to its capital value);

and the apportionment shall be shown in the capital value list.

(3B) Where the hereditament is used otherwise than wholly for exempting purposes which are not domestic purposes, the net annual value of the hereditament shall be apportioned by the Commissioner or the district valuer between—

(a) the use of the hereditament for exempting purposes which are not domestic purposes; and

(b) the use of the hereditament for other purposes (so far as relevant to its net annual value);

and the apportionment shall be shown in the NAV list.

(3C) In paragraphs (3) to (3B) and (4), “exempting purposes” means purposes mentioned in sub-paragraph (a), (b)(i) or (ii), (c), (d) or (e) of paragraph (2).”.

(4) In paragraph (4), for the words from “the purposes” to “paragraph (2)” substitute “exempting purposes”.

In Article 41A(1) (distinguishment in valuation list of hereditaments occupied by certain bodies and used or made available for use for charitable purposes) and in the heading to that Article, for “valuation” substitute “NAV”.

(1) Amend Article 42 (distinguishment in valuation list of certain other hereditaments exempted from rates) as follows.

(2) In paragraph (1), for “valuation” substitute “NAV”.

(3) In paragraph (1A), for “valuation” substitute “NAV”.

(4) Omit paragraph (1D).

(5) In paragraph (1E), omit “or (1D)”.

(6) In the heading to that Article, for “valuation” substitute “NAV”.

In Article 43 (distinguishment in valuation list of industrial hereditaments) and in the heading to that Article for “valuation” in each place where it occurs substitute “NAV”.

In Article 44 (other matters required or authorised to be entered in valuation list) omit paragraphs (1) and (2).

(1) Amend Article 47 (supply of copies of valuation lists, etc., and of information) as follows.

(2) In paragraph (2), for “rateable value” substitute “rateable values, capital value”.

(3) Omit paragraph (4).

(1) Amend Article 49 (revision of the valuation list, and alteration, by district valuer) as follows.

(2) In paragraph (1)—

(a) for “Article” substitute “paragraph (6) and Articles 49A and”;

(b) for “the valuation list” in both places where it occurs substitute “a valuation list”;

(c) in sub-paragraph (b), for “the list” substitute “that or any other list”.

(3) In paragraph (2), omit “in the valuation list”.

(4) In paragraph (3), omit “in the valuation list”.

(5) In paragraph (5), for “a new valuation list” substitute “the valuation list in question”.

(6) In the heading to that Article omit “the”.

(1) Amend Article 50 (alteration in the valuation list by Commissioner) as follows.

(2) For “the valuation list” in each place where it occurs substitute “a valuation list”.

(3) In paragraph (1)(a), for head (iv) substitute the following head—

“(iv) to show the net annual value of the hereditaments occupied by a dock authority which are mentioned in Part X of Schedule 12 or by a holder of a licence or an exemption under Part II of the Electricity (Northern Ireland) Order 1992 or Part II of the Gas (Northern Ireland) Order 1996 or by a relevant undertaker within the meaning of the Water and Sewerage Services (Northern Ireland) Order 2006;”.

(4) In the heading to that Article omit “the”.

(1) Amend Article 51 (appeal to Commissioner against alteration of, or decision not to alter, the valuation list, or review by Commissioner of certain alterations made by him in the list) as follows.

(2) For paragraph (1) substitute the following paragraphs—

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“(1) Any person other than the Department who is aggrieved by an alteration which the district valuer has caused to be made in a valuation list may, within twenty-eight days of the service on him of the certificate of alteration appeal to the Commissioner against the alteration.

(1A) Any person other than the Department who is aggrieved by a decision of the district valuer not to cause a valuation list to be altered in consequence of an application by him for the revision of that list may, within twenty-eight days from the date of service on him of the notice of the decision, appeal to the Commissioner against the decision.

(1B) Paragraph (1A) does not apply to a decision under Article 49(6).”.

(3) In paragraph (2)—

- (a) omit the words from “of the Environment” to “Personnel”;
- (b) for “the valuation list” substitute “a valuation list”.

(4) In paragraph (4), after “paragraph (1)” insert “, (1A)”.

(5) In the heading to that Article omit “the” in both places where it occurs.

(1) Amend Article 52 (procedure on appeal to Commissioner) as follows.

(2) In paragraph (1) omit “in the valuation list”.

(3) In paragraph (3)—

- (a) in sub-paragraph (a) after “list” insert “in question”;
- (b) in sub-paragraph (b) omit “in the valuation list”.

(4) In paragraph (4)—

- (a) for “the valuation list” where it first occurs substitute “a valuation list”;
- (b) omit “the valuation list” in the second place where it occurs;
- (c) in sub-paragraph (a) for “the valuation list” substitute “that list”;
- (d) in sub-paragraph (b) for “the valuation list” substitute “any valuation list”.

(5) After paragraph (4) insert the following paragraphs—

“(4A) Where the valuation list is a capital value list—

- (a) the Commissioner shall complete his review and make his decision under paragraph (4)—
 - (i) within twenty-eight days from the date of service on him of the notice of appeal under Article 51; or
 - (ii) within such further period or periods (none of which shall exceed twenty-eight days) as he specifies in a notice, stating the reason for the delay, served by him on the appellant before the expiration of the immediately preceding period; and
- (b) the Commissioner shall for the purposes of paragraph (4)(b) have regard to the assumptions mentioned in paragraphs 9 to 12(1) and 13 to 15 of Part I of Schedule 12.

(4B) Where the date referred to in paragraph (4A)(a)(i) falls before the first anniversary of the coming into force of the capital value list in question, that paragraph shall have effect as if the reference in sub-paragraph (a)(i) to twenty-eight days were a reference to six months.”.

(6) In paragraph (5) for “the valuation list” substitute “any valuation list”.

(7) In paragraph (6)(b) omit “in the valuation list”.

In Article 53 (power of Commissioner to transfer appeal to Lands Tribunal), in paragraph (2)(a), for “(2)” substitute “(3)”.

(1) Amend Article 55 (review of revision of valuation list made while appeal pending) as follows.

(2) In paragraph (1), for “to the Lands Tribunal” substitute “under Article 54 or 54A”.

(3) In paragraph (4), for “54” substitute “54A”.

(1) Amend Article 56 (supplementary provisions as to alterations, etc.) as follows.

(2) In paragraph (6)—

- (a) for “the valuation list or in” substitute “a valuation list (including”;
- (b) for “force” substitute “force”.

(3) In paragraph (7)—

- (a) for “the valuation list” substitute “a valuation list”;
- (b) for “on an appeal made or transferred to the Tribunal under this Part” substitute “or the Valuation Tribunal under this Order”;
- (c) for “the Tribunal” substitute “that Tribunal”.

(4) In paragraph (8)—

- (a) for “alterations in the valuation list” substitute “alteration”;
- (b) at the end of sub-paragraph (d), omit “and”;
- (c) after sub-paragraph (e) add “and
- (f) a relevant undertaker within the meaning of the Water and Sewerage Services (Northern Ireland) Order 2006 if it so requests.”.

(1) Amend Article 60 (offences) as follows.

(2) In paragraph (1), for “59(1) or (2)” substitute “59”.

(3) In paragraph (3)—

- (a) after “any person” insert “for the purpose of any application under this Order or”;
- (b) for “or 26, or in a return made under Article 59(1) or (2)” substitute “26 or 59”;
- (c) omit “to imprisonment for a term not exceeding three months or”.

(1) Amend Article 61 (regulations) as follows.

(2) In paragraph (1)(b), for “or 51(1), (2) or (4)” substitute “51(1), (1A), (2) or (4), or 52(4A) or (4B)”.

(3) Omit paragraph (1A).

(4) For paragraph (2) substitute the following paragraph—

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“(2) Regulations under Articles 7, 10, 15 and 18(2) or paragraph (1)(b) shall subject to affirmative resolution, and any other regulations (other than those made under paragraph 8 of Schedule 5) shall be subject to negative resolution.”.

(1) Amend Article 62 (service of documents) as follows.

(2) In paragraph (1)(b)—

- (a) omit “by the district valuer” in both places where it occurs;
- (b) for “the valuation list” in both places where it occurs substitute “a valuation list”.

(3) In paragraph (2)—

- (a) omit “of the Environment”;
- (b) in sub-paragraph (a), for “that” substitute “the”.

In Schedule 2 (definitions relating to industrial hereditaments), in paragraph 1, in the definition of “industrial hereditament” for “for which the net annual value is apportioned under Article 44(2) as being” substitute “which is”.

(1) Amend Schedule 5 (definition of “dwelling-house”, etc.) as follows.

(2) For paragraph 1 substitute the following paragraph—

“1. In this Order—

“dwelling-house” means, subject to paragraphs 2 to 5, a hereditament used wholly for the purposes of a private dwelling;

“private garage” has the meaning given by paragraph 6;

“private storage premises” has the meaning given by paragraph 7.”.

(3) In paragraph 2, after sub-paragraph (4), add the following sub-paragraph—

“(5) The following shall be deemed not to be used for the purposes of a private dwelling—

(a) so much of an area of a caravan site which is valued as a single hereditament under sub-paragraph (1) of paragraph 2 of Part XIII of Schedule 12 as is not in the occupation of the site operator;

(b) a caravan pitch which is a separate hereditament in the circumstances mentioned in that sub-paragraph but in relation to which the district valuer has not exercised the power conferred by that sub-paragraph.”.

(4) In paragraph 3(a) and (b), after “garden,” insert “park, pleasure ground,”.

(5) In paragraph 4(2), for “the hereditament, to the extent of so much of its net annual value as is apportioned to that part,” substitute “that part”.

(6) After paragraph 4 insert the following paragraph—

“4ZA.—(1) A hereditament or part of a hereditament shall be deemed not to be used for the purposes of a private dwelling if it is—

(a) held by the Secretary of State for the purposes of armed forces accommodation; and

(b) situated within the perimeter of a military establishment.

(2) In this paragraph “military establishment” means an establishment used by any of Her Majesty’s forces.”.

(7) Omit paragraph 4A.

(8) In paragraph 5—

(a) for “this Schedule” substitute “paragraphs 1 to 4ZA”;

(b) omit sub-paragraph (d).

(9) After paragraph 5 add the following paragraphs—

“6.—(1) In this Order “private garage” means, subject to sub-paragraph (2), a hereditament which is used wholly or mainly for the accommodation of a motor vehicle.

(2) For the purposes of sub-paragraph (1) a hereditament which is used—

(a) for the purposes of a trade or business; or

(b) by a charity, a public body or any other body that is not established or conducted for profit,

is not a private garage.

(3) In sub-paragraph (2)—

“charity” means a body established for charitable purposes only;

“public body” means—

(a) a body established by or under a statutory provision; or

(b) a department of the Government of the United Kingdom.

7.—(1) In this Order “private storage premises” means a hereditament which is used wholly in connection with a dwelling-house or dwelling-houses and so used wholly or mainly for the storage of domestic articles belonging to the residents.

(2) In sub-paragraph (1)—

“domestic articles” means—

- (a) household stores and other articles for domestic use;
- (b) light vehicles, whether mechanically-propelled or not;

“residents” means persons residing in the dwelling-house or dwelling-houses referred to in sub-paragraph (1).

8.—(1) The Department may by regulations modify paragraphs 1 to 7.

(2) Regulations shall not be made under this paragraph unless a draft of the regulations has been laid before, and approved by a resolution of, the Assembly.”.

(1) Amend Schedule 7 (rateable value of hereditaments) as follows.

(2) In the heading, “for “VALUE” substitute “VALUES”.

(3) For paragraph 2 (hereditaments wholly exempt from rates) substitute the following paragraph—

“2.—(1) Where a hereditament is distinguished in the NAV list as wholly exempt from rates under that list, its rateable net annual value shall be nil.”.

(2) Where a hereditament is distinguished in the capital value list as wholly exempt from rates under that list, its rateable capital value shall be nil.”.

(4) Amend paragraph 3 (hereditaments partially exempt from rates) as follows—

(a) for sub-paragraph (1) substitute the following sub-paragraphs—

“(1) Where a hereditament is distinguished in the NAV list under Article 41 as partially exempt from rates under that list, its rateable net annual value shall be the whole of so much of its net annual value as is shown in that list under paragraph (3B) of that Article as apportioned to the use of the hereditament for other purposes (so far as relevant to its net annual value).

(1A) Where a hereditament is distinguished in the capital value list under Article 41 as exempt from rates under that list to one-half of the extent to which it is used for domestic purposes which are also exempting purposes, its rateable capital value shall be—

- (a) one-half of its capital value if it is wholly used for domestic purposes which are also exempting purposes; or
- (b) if an apportionment is shown in the capital value list under paragraph (3A) of that Article, the aggregate of—
 - (i) one-half of so much of its capital value as is shown in the capital value list as apportioned to the use of the hereditament for domestic purposes which are also exempting purposes; and
 - (ii) the whole of so much of the capital value as is shown in the capital value list as apportioned to the use of the hereditament for other purposes (so far as relevant to its capital value).

(1B) In sub-paragraphs (1) and (1A) “domestic purposes” and “exempting purposes” have the same meaning as in Article 41.”;

(b) in sub-paragraph (2)—

- (i) in head (b) for “valuation list” substitute “NAV list”;
 - (ii) for the words from “rateable value” to the end substitute “rateable net annual value shall be the same proportion of its net annual value as its rateable value was of its net annual value immediately before the commencement of the amendments of this sub-paragraph by Schedule 2 to the Rates (Amendment) (Northern Ireland) Order 2006”;
- (c) in sub-paragraph (3)—
- (i) for “the valuation list” substitute “the NAV list”;
 - (ii) for the words from “rateable value” to the end substitute “rateable net annual value shall be the same proportion of its net annual value as its rateable value was of its net annual value immediately before the commencement of the amendments of this sub-paragraph by Schedule 2 to the Rates (Amendment) (Northern Ireland) Order 2006”;
- (d) in sub-paragraph (4)—
- (i) for “the valuation list” substitute “the NAV list”;
 - (ii) for the words “rateable value” in both places where they occur substitute “rateable net annual value”;
- (e) after sub-paragraph (4) insert the following sub-paragraph—
- “(4A) Where the original hereditament ceased to be so occupied before the commencement of the insertion of this paragraph by Schedule 2 to the Rates (Amendment) (Northern Ireland) Order 2006, the second reference in sub-paragraph (4) to its rateable net annual value shall be construed as a reference to its rateable value.”.
- (5) For paragraph 3A substitute the following paragraph—
- “3A. Where—
- (a) only part of a hereditament is situated within an enterprise zone; and
 - (b) the hereditament is distinguished in the NAV list under Article 42(1B) as partially exempt from rates,
- its rateable net annual value shall be so much of its net annual value as is shown in the NAV list as apportioned to that part of the hereditament which is not situated within an enterprise zone.”.
- (6) Amend paragraph 4 (industrial hereditaments) as follows—
- (a) in sub-paragraph (2)—
 - (i) for “the valuation list” substitute “the NAV list”;
 - (ii) for “rateable value” substitute “rateable net annual value”;
 - (b) in sub-paragraph (3), for “rateable value” substitute “rateable net annual value”.
- (7) In paragraph 4A (freight-transport hereditaments), in sub-paragraph (2)—
- (a) for “the valuation list” substitute “the NAV list”;
 - (b) for “rateable value” substitute “rateable net annual value”.
- (8) In paragraph 4B (hereditaments occupied and used partly for industrial purposes or transport purposes and partly for other purposes)—
- (a) for “valuation list” substitute “NAV list”;
 - (b) for “rateable value” substitute “rateable net annual value”.
- (1) Amend paragraph 4 of Schedule 8 (incidence of rates) as follows.

- (2) In sub-paragraph (1)—
- (a) for “if the rateable value is reduced” substitute “if the amount payable by way of rates is reduced in consequence of the alteration;
 - (b) for “if the rateable value is increased” substitute “if the amount payable by way of rates is increased in consequence of the alteration”;
 - (c) omit the words “at the rate in the pound current for the time being”.
- (3) After sub-paragraph (1) insert the following sub-paragraph—
- “(1A) For the purposes of sub-paragraph (1)(a) the rateable value of a hereditament is altered if—
- SCH. 2
- (a) the rateable net annual value or the rateable capital value is altered;
 - (b) the hereditament becomes liable, or ceases to be liable, to be valued upon an estimate of its net annual value or its capital value.”.
- (1) Amend Schedule 8A (unoccupied hereditaments) as follows.
- (2) In paragraph 3(5), omit head (ii).
- (3) In paragraph 5(2), for “65” in both places where it occurs substitute “80”.
- (1) Amend Schedule 9 (payment of rates on dwellings by instalments) as follows.
- (2) In paragraph 5, omit “(apart from any rebate under Article 28)”.
- (3) In the heading to that Schedule, omit “ON DWELLINGS”.
- (1) Amend Schedule 9A (relief from rates for general stores etc. in rural settlements) as follows.
- (2) In paragraph 3(2)(b), for “valuation list” substitute “NAV list”.
- (3) In paragraph 4—
- (a) in sub-paragraph (1), omit “with the approval of the Department of Finance and Personnel and”;
 - (b) in sub-paragraph (2)(b), for “valuation list” substitute “NAV list”.
- (1) Amend Schedule 12 (basis of valuation) as follows.
- (2) In paragraph 1 of Part 1A (sporting rights), after sub-paragraph (2) insert the following sub-paragraph—
- “(2A) For the purposes of determining the capital value of the hereditament, the right of sporting shall be treated as if it did not exist.”.
- (3) In Part II (farmhouses etc.), the existing provision shall become paragraph 1 and after it add the following paragraph—
- “2. The capital value of a house occupied and used as mentioned in paragraph 1 shall be estimated on the assumption (in addition to those mentioned in Part I) that the house will always be so occupied and used.”.
- (4) In Part XIII (caravan sites), omit paragraph 2(2) and (3).
- (1) Amend Schedule 14 (distinguishment of industrial hereditaments and freight-transport hereditaments) as follows.
- (2) In paragraph 2(1) for “valuation list” substitute “NAV list”.
- (3) In paragraph 3—
- (a) in sub-paragraph (1)—

- (i) for “valuation list” substitute “NAV list”;
(ii) at the end add “(so far as relevant to its net annual value)”;
(b) in sub-paragraph (2), for “valuation list” substitute “NAV list”.

The Rates (Amendment) (Northern Ireland) Order 2004

In paragraph 9(b) of Schedule 3 (amendments), for “paragraphs (4) and (5)” substitute “paragraph (4)”.

The Rates (Capital Values, etc.) (Northern Ireland) Order 2006

(1) Amend Article 12 (repeal of Article 41(2)(f) of principal Order with savings, etc.) as follows.

(2) In paragraph (2), for “continue to be distinguished” substitute “be distinguished in the NAV list”.

(3) In paragraph (3), for “valuation list” in the second place where it occurs substitute “NAV list”.

(4) In paragraph (4), for “valuation list” substitute “NAV list”.

(5) In paragraph (5)(a), for “valuation list” substitute “NAV list”.

(6) After paragraph (5) insert the following paragraph—

“(5A) In this Article “NAV list” has the same meaning as in the principal Order.”.

Article 40.

SCHEDULE 3

REPEALS

Short Title	Extent of repeal
Rates (Northern Ireland) Order 1977 (NI 28).	<p>In Article 2(2), in the definition of “regulations”, the words from “of the Environment” to “require”.</p> <p>Article 11(2)(b).</p> <p>In Article 15(1), “27(5)(a)”.</p> <p>In Article 16(3)(b), the words “or 1st October 1973, whichever is the later”.</p> <p>Article 19(4)(ii).</p> <p>In Article 26(2B)(d), the word “or”.</p> <p>In Article 26A—</p> <p>(a) in paragraph (1), the words “Subject to paragraph (2),”;</p> <p>(b) paragraph (2).</p> <p>Article 27.</p> <p>In Article 29—</p> <p>(a) in paragraph (1), the words “Subject to</p>

Short Title	Extent of repeal
	<p>paragraph (1A)”;</p> <p>(b) paragraph (1A);</p> <p>(c) in the heading to the Article, the words “on dwellings”.</p> <p>Article 30(4).</p> <p>Article 31A(11).</p> <p>Article 32(7)(c).</p> <p>Article 39A(2) and (3).</p> <p>Article 39B.</p> <p>In Article 41—</p> <p>(a) in paragraph (1), the words “in the valuation list as exempt from rates”;</p> <p>(b) in paragraph (8), the words “an interest in which belongs to, or to trustees for, a religious body and” and in sub-paragraph (a), the words “(in right of that interest)”.</p> <p>In Article 42—</p> <p>(a) in paragraph (1A)(b), the words “(within the meaning of Article 27)”;</p> <p>(b) paragraph (1D).</p> <p>Article 44(1) and (2).</p> <p>Article 47(4).</p> <p>In Article 49—</p> <p>(a) in paragraph (2), the words “in the valuation list”;</p> <p>(b) in paragraph (3), the words “in the valuation list”;</p> <p>(c) in the heading to the Article, the word “the”.</p> <p>In the heading to Article 50, the word “the”.</p> <p>In Article 51—</p> <p>(a) in paragraph (2), the words from “of the Environment” to “Personnel”;</p> <p>(b) in the heading to the Article, the word “the” in both places where it occurs.</p> <p>In Article 52, the words “in the valuation list” in paragraphs (1), (3)(b), (4)(b) and (6)(b).</p> <p>In Article 56(8), the word “and” at the end of sub-paragraph (d).</p> <p>In Article 60—</p>

Short Title	Extent of repeal
	<p>(a) in paragraph (3), the words “to imprisonment for a term not exceeding three months or”;</p> <p>(b) in paragraph (4), the words “, other than the occupier or owner of land.”.</p> <p>In Article 61—</p> <p>(a) in paragraph (1)(b), “12(1)(c),”;</p> <p>(b) paragraph (1A).</p> <p>In Article 62—</p> <p>(a) in paragraph (1)(b), the words “by the district valuer” in both places where they occur;</p> <p>(b) in paragraph (2), the words “of the Environment”.</p> <p>In Schedule 5, paragraphs 4A and 5(d).</p> <p>In Schedule 8, in paragraph 4(1), the words “at the rate in the pound current for the time being”.</p> <p>In Schedule 8A, paragraph 3(5)(ii).</p> <p>In Schedule 9—</p> <p>(a) in paragraph 5, the words “(apart from any rebate under Article 28)”;</p> <p>(b) in the heading to that Schedule, the words “ON DWELLINGS”.</p> <p>In Schedule 9A, in paragraph 4(1), the words “with the approval of the Department of Finance and Personnel and”.</p> <p>In Schedule 12, in Part XIII, paragraph 2(2) and (3).</p>
Rates Amendment (Northern Ireland) Order 1979 (NI 4).	Article 8(4).
Local Government, Planning and Land (Northern Ireland) Order 1981 (NI 13).	<p>In Article 6, the words from “at the beginning” to “(1A) and” and the words from “; and after” to the end.</p> <p>Article 8.</p>
Departments (Northern Ireland) Order 1982 (NI 6).	In Schedule 3, the entry relating to the Rates (Northern Ireland) Order 1977.
Rates (Amendment) (Northern Ireland) Order 1983 (NI 7).	Article 5(2).

Short Title	Extent of repeal	
Rates (Amendment) (Northern Ireland) Order 1996 (NI 25).	Article 3.	SCH. 3
Rates (Capital Values, etc.) (Northern Ireland) Order 2006 (NI 4).	Article 12(7)(b)(i) and (8)(a). Article 14(3).	

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Rates (Northern Ireland) Order 1977.

The main changes are—

- (a) the valuation of dwelling-houses and certain other hereditaments on the basis of their capital value;
- (b) certain additional reliefs and exemptions; and
- (c) the establishment of a Northern Ireland Valuation Tribunal.

SECTION 5

DRAFT RATES (AMENDMENT) (NORTHERN IRELAND) ORDER 2006

EXPLANATORY MEMORANDUM

INTRODUCTION

1. The draft Rates (Amendment) (Northern Ireland) Order 2006 is being made under the Northern Ireland Act 2000 (c.1) and is subject to approval by affirmative resolution of each House of Parliament.
2. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel ('the Department') to assist the reader in understanding the draft Order. It does not form part of the draft Order. All rating documents referred to, along with details of the consultation exercise, can be found on the Review of Rating Policy website.¹⁶

BACKGROUND AND POLICY OBJECTIVES

3. The Northern Ireland Executive commissioned the Review of Rating Policy in 2000 with the aim of making the rating system in Northern Ireland fairer and more understandable. The most significant change provided for in the draft Order is the change to a domestic rating system based on individual capital values.
4. The Rates (Capital Values, etc.) (Northern Ireland) Order 2006 (S.I. 2006 No. 611 (N.I. 4)) provides for the publication of the capital value of every domestic property in Northern Ireland. These are to be published during July and August 2006 and will give ratepayers the opportunity to make enquiries and, if necessary, seek an informal administrative review before the new system based on capital values comes into operation in April 2007.
5. The draft Order also gives effect to a range of other reforms including:
 - transitional rate relief;
 - a new rate relief scheme for those on low incomes;
 - full relief on properties occupied solely by those in full time education and training, young people leaving care and persons under 18;
 - a new independent Valuation Tribunal;
 - partial exemption to houses owned by ministers of religion and other similar clergy;
 - a range of enabling powers to allow the new system to be varied; and
 - further reliefs and exemptions for the non-domestic sector.

¹⁶

Review of Rating Policy website - <http://www.ratingreviewni.gov.uk/>

CONSULTATION AND OPTIONS CONSIDERED

6. Throughout the Review of Rating Policy there has been widespread public consultation. The options for change in both the domestic and non-domestic sectors were set out originally in the consultation in 2002¹⁷. This was followed up in 2004¹⁸ when consultation took place on reform to the domestic sector. Finally there was further consultation in early 2005¹⁹ on proposals for the non-domestic sector. Consultation reports on both sectors were published in March²⁰ and October²¹ 2005 and April 2006²² setting out the way forward.

FINANCIAL EFFECTS OF THE DRAFT ORDER

7. The following costs are estimated in relation to the draft Order:
- The revaluation of all domestic property on a capital value basis – £7.5m.
 - Partial exemption to houses owned by ministers of religion and other similar clergy - £350,000 per year.
 - The rate relief scheme - £12m in 2007/2008.
 - Full relief from rates for persons under 18, persons in education and training or leaving care - £2.5 to £3m in 2007/2008.
 - The exemption of university halls of residence - some £1.1m in 2007/2008.
 - The allowance for persons with a disability - £1m in 2007/2008. This is similar to the current scheme with any extra cost being associated with the increased take up.
 - Transitional relief is expected to cost £17.8m in 2007/08. This cost will reduce in the final two years of the three-year scheme.
 - The Valuation Tribunal in 2006/2007 - £500,000 and in the first year of operation (2007/2008), £1m. It is expected that this cost will reduce in subsequent years.
 - The exemption of ATMs in rural areas – £56,000 per year. This cost may increase in future to around £100,000 if new ATMs are located in rural areas.
 - The farm diversification scheme will be dependent on take up but if 10 per cent of all farmers diversified and applied - £5.4m per year.
 - The removal of Domestic Rate Aid Grant (DRAG) from the domestic regional rate has no consequences for rate bills post 2007 as regional domestic rate changes are based on the net-of-DRAG position.

¹⁷ Review of Rating Policy – A consultation paper (May 2002)

¹⁸ Reform of the domestic rating system in Northern Ireland (July 2004)

¹⁹ Non-domestic charitable exemptions and reliefs from rate liability in Northern Ireland – A policy paper (February 2005) and Rate reliefs for business in Northern Ireland – A policy paper (March 2005)

²⁰ Reform of the domestic rating system in Northern Ireland – A consultation report (March 2005)

²¹ Non-domestic charitable exemptions and reliefs from rate liability in Northern Ireland – A consultation report (October 2005)

²² Rate reliefs for business in Northern Ireland – A consultation report (April 2006)

HUMAN RIGHTS ISSUES

8. The provisions of the draft Order are considered to be compatible with the European Convention on Human Rights.

EQUALITY IMPACT ASSESSMENT

9. An Equality Impact Assessment (EQIA) found that, under a discrete capital value system, there is unlikely to be a differential impact within the age, gender, marital status and dependents groups. The impact on sexual orientation and political opinion could not be determined due to the absence of data. While the EQIA identified potential adverse impacts within the race and religion categories, these may not necessarily be unfair as it may reflect the ability to pay of a particular Section 75 group.
10. The EQIA on the non-domestic provisions found no significant differential impact.

SUMMARY OF THE REGULATORY APPRAISAL (NON-DOMESTIC ONLY)

11. In relation to ATMs, it was concluded that the benefits of providing exemption to rural ATMs outweighed the costs. On farm diversification relief it was considered that the benefits, in terms of sustaining the rural economy, outweighed the costs in terms of temporary loss of revenue associated with a time limited relief scheme.

MAIN ELEMENTS OF THE ORDER

12. The draft Order is divided into six Parts and contains 40 Articles and 3 Schedules. Part I sets out the title of the draft Order and the commencement provisions and defines certain terms used in the draft Order.
13. Part II sets out general provisions of the draft Order relating to the regional and district rates and the introduction of a policing precept. It also covers the basis of valuation, rateable values and the right to pay rates by instalments.
14. Part III sets out the general provisions on valuation lists including the publication of new lists and public access to these lists.
15. Part IV provides for a range of reliefs and exemptions for both the domestic and non-domestic sectors.
16. Part V sets out the provisions on reviews and appeals including the new Northern Ireland Valuation Tribunal.
17. Part VI deals with miscellaneous and supplementary provisions including the payment of interest, the rating of owners instead of occupiers, powers of entry and requiring information and for amendments and repeals.

COMMENTARY ON ARTICLES

18. Comments on Articles are not provided where the wording is self-explanatory.

PART II – GENERAL

Article 3: Regional rate and district rate

19. This Article takes account of the introduction of capital values and provides for a rate to be made and levied on the rateable value of every hereditament in the NAV and capital value lists, for the Department or a district council to disregard any alterations to a valuation list, after a date they set, to enable the rate in the pound to be fixed and, in a revaluation year, for the use of the new valuation list in fixing the rate even though it has not come into operation. It enables different rates to be made and levied on rateable NAV and rateable capital value.

Article 4: Police purposes part of the regional rate

20. This Article allows for an amount of the regional rate to be specified for police purposes in the annual Rates (Regional Rates) (Northern Ireland) Order. This is subject to the approval of the Assembly.

Article 5: Rateable values

21. This Article defines the rateable values of a hereditament and provides that the rateable net annual value and rateable capital value of a hereditament will be its NAV and capital value respectively, except where provided to the contrary in Schedule 7 to the Rates (Northern Ireland) Order 1977 (S.I. 1977 No. 2157(N.I. 28)) ('the principal Order').

Article 6: Liability to be rated according to rateable values

22. This Article provides that the occupier of a hereditament shall be chargeable to rates on the basis of its rateable value. It also provides through regulations for rates to be chargeable on the basis of a maximum or minimum capital value threshold rather than a capital value for specified hereditaments.

Article 7: Liability to be rated in respect of hereditaments owned by the Housing Executive etc.

23. This Article provides that persons chargeable to rates on hereditaments in the social sector shall be chargeable on the basis of the proportion of the rent of the hereditament. Regulations, subject to affirmative resolution, will prescribe the organisations whose hereditaments are subject to this provision and such other conditions as necessary.

Article 8: Basis of valuation

24. This Article and Part I of Schedule 12 to the principal Order extend the basis of valuation to include capital value and list the hereditaments to be valued on that basis. They set out the general rules for determining capital value, how hereditaments will be valued for the purpose of a revision of the valuation list and the assumptions that will apply in determining whether a property is a comparable hereditament for the purpose of a revision. The relevant valuation date is 1 January 2005 or such other date as the Department may substitute.
25. They also list the assumptions that will be made in estimating the capital value of a hereditament and sets out how mixed hereditaments (used for both domestic and non-domestic purposes) will be valued.

Article 9: Right to pay rates by instalments

26. This Article extends the right to pay rates by instalments to all non-domestic property.

Article 10: Agreement for deferred payment of rates on dwellings

27. This Article provides for the introduction of a scheme through regulations that allows the Department to enter into agreements with owner-occupiers of pensionable age (i.e. state pension age) to defer rates on domestic property in their name provided certain conditions are satisfied. This is subject to the approval of the Assembly.

PART III – VALUATION LISTS

Article 11: General provisions as to valuation lists

28. This Article obliges the Commissioner of Valuation to maintain both a capital value list and an NAV list and sets out what should be entered in these lists.

Article 12: New valuation lists

29. This Article enables the Commissioner to publish a new valuation list containing a general revaluation of such hereditaments as the Department may determine. It also provides for a valuation list to be altered, after it has been published but before it has come into force, and requires certificates of alteration to be issued subsequent to this.

Article 13: Access to valuation lists

30. This Article requires the Commissioner to take reasonable steps to notify the public of the publication of a new valuation list. The Department and district councils are required to facilitate access to a valuation list and notify the public of these arrangements following the publication of a new valuation list and also

requires the public to be provided with a copy of any part of the list on request and on payment of a fee.

PART IV – RELIEFS AND EXEMPTIONS ETC.

Article 14: Rate relief scheme

31. This Article provides for rate relief for domestic ratepayers and enables the Department to make whatever regulations are necessary for the purposes of the scheme including those corresponding to statutory provisions governing housing benefit.

Article 15: Persons under 18 and persons in education and training or leaving care

32. This Article provides for full relief from rates to be provided where a property is occupied solely by persons under 18, persons in education and training or leaving care. It allows the Department to specify the conditions that will apply in relation to this, including a definition of those in full time education and training.

Article 16: “Disability”

33. This Article substitutes the definition of “disabled” with a new definition of “disability”.

Article 17: Rate rebates for certain hereditaments with special facilities for persons with disabilities

34. This Article amends existing provisions on rebates for domestic property with special facilities for persons with a disability, sets out the criteria for the rebate and removes the garage and central heating elements for awards after 1 April 2007.
35. The amount of the rebate will equate to 25 per cent of the rate bill. It provides also that, where applicable, this rebate shall be applied before the award of rate relief. An appeal process is introduced.

Article 18: Transitional rate relief

36. This Article provides for transitional relief to be awarded where the net annual value or capital value of a hereditament differs from the values in a previous valuation list or no such value existed. It enables the amount of rates due and also differences in values to come into operation over such periods and in such proportions as may be determined by the Department.

Article 19: Extension of exemption relating to sale of goods donated to a charity

37. This Article extends exemption from rates to the sale of other goods (in addition to goods donated to a charity), where the hereditament is used mainly for the sale of donated goods and the proceeds of the sale of those goods are applied for the purposes of a charity. An order specifying the type of goods would have to be laid before and approved by a resolution of the Assembly.

Article 20: Extension of charitable exemption for clergy residences

38. This Article allows the existing partial exemption of clergy residences to be applied to houses owned by ministers of religion and other similar clergy.

Article 21: Power to prescribe exemption where hereditament has both a capital value and a net annual value

39. This Article enables regulations to be made that may specify that where an unoccupied hereditament has both an NAV and a capital value that rates will not be charged on the capital value part. This will ensure that the domestic part of a property will not be subject to the unoccupied rate until the Assembly decides to introduce this in the domestic sector.

Article 22: Power to remove exemption for unoccupied dwelling-houses, etc.

40. This Article makes provision that Schedule 8A to the principal Order may apply to a dwelling-house, private garage or private storage premises subject to approval by a resolution of the Assembly. This enables the Assembly to introduce unoccupied rating of the domestic sector.

Article 23: Power to prescribe reduction in amount payable

41. This Article provides for a reduction of 50 per cent in the rates payable on certain unoccupied properties to be altered, subject to approval by a resolution of the Assembly.

Article 24: Reduction of rates on former agricultural land, etc.

42. This Article provides for the introduction of a farm diversification relief scheme. The scheme will be time limited, provide for 50 per cent relief on the rates, specify eligibility and occupancy conditions, have an upper net annual value limit of £7,000, which can be changed by regulations subject to affirmative resolution and also treats replacement buildings as if they were the original building for the purposes of this relief. It does not apply to domestic property. It provides also for reduction in or repayment of relief where a Community obligation has been contravened.

Article 25: Exemption for automatic telling machines in rural areas

43. This Article provides for full exemption for automatic telling machines (ATMs) shown in the NAV list that are situated in rural areas. It provides for powers to amend the date of cessation of the Article (by affirmative resolution) and to designate wards deemed to be rural areas (by negative resolution).

Article 26: Power to remove exemption for private dwellings from completion notices

44. This Article gives the Department the power to serve a completion notice on a building used wholly for the purposes of a private dwelling, subject to approval by resolution of the Assembly. A completion notice is served when the Department considers that a new building can reasonably be expected to be completed within a three-month period and it then becomes liable to the unoccupied rate.

Article 27: Power to extend exemption from completion notices

45. This Article gives the Department the power not to serve completion notices in respect of certain classes of buildings.

Article 28: Abolition of reduction of regional rate on dwellings

46. This Article repeals Article 27 of the principal Order, which provides for a reduction in the regional rate for domestic property.

PART V – APPLICATIONS AND APPEALS

Article 29 and Schedule 1: The Northern Ireland Valuation Tribunal

47. This Article inserts Article 36A (the Valuation Tribunal) and Schedule 1 which will be inserted as Schedule 9B to the principal Order. It provides for the setting up of the Northern Ireland Valuation Tribunal and for its constitution and procedures, including details of its membership, appointments and terms and conditions.
48. The Schedule also provides for the Lord Chancellor to make procedural rules regulating the exercise of a right of appeal to the Tribunal and its practice and procedures.

Article 33: Appeals from the Commissioner

49. This Article amends Article 54 which provides for the next stage of appeal from the Commissioner of Valuation stage while Article 54A provides for any person to be able, with approval, to appeal to the Lands Tribunal.

PART VI – MISCELLANEOUS AND SUPPLEMENTARY

Article 35: Rating of owners instead of occupiers in certain cases

50. This Article replaces the NAV thresholds relating to landlord liability for domestic property. It also obliges the landlord to pay the rates on a house occupied by three or more persons that do not constitute a single household.

Article 36: Power to require information about occupiers of hereditaments in capital value list, etc.

51. This Article amends existing provisions requiring the provision of information, i.e. obtaining details on owners and occupiers, in relation to domestic properties.

Article 37: Power to require information for valuation list purposes

52. This Article provides for a notice to be served on any person requiring them to provide information needed to prepare a new, or a revision of, a valuation list.

Article 38: Powers of entry

53. This Article extends the power of entry, for the purpose of gathering information, to domestic properties. It also obliges the occupier/person entitled to possession to give reasonable assistance when information is being gathered for rating or valuation purposes. Where a person fails to give reasonable assistance, in relation to the power of entry, they will be guilty of a new offence and liable to a fine.

COMMENCEMENT

54. Articles 1 and 2 of the draft Order will come into operation at the end of 7 days from the day on which the Order is made. The remaining provisions of the Order are to come into operation on a day, or days, to be appointed by the Department.

SECTION 6

CONSULTATION LIST

Age Concern Northern Ireland	Christian Action Research and Education (CARE)
ACOVO (NI)	Chrysalis Women's Centre
Action Cancer	Citizens Advice Bureau
Action MS	Civic Forum Secretariat
ADAPT NI	Civil Service Commissioners
Altram	Clarendon Silos Ltd
Amalgamated Engineering and Electrical Union	Coalition on Sexual Orientation (CoSO)
An Gaelaras	Coiste na-iarchimi
Armagh City Centre Management	Coleraine Borough Partnership
Arthritis NI	Comhaltas Uladh
Assessor For Central Scotland	Comhchoiste na Gaelilge
Association of Chief Officers of Voluntary Associations (ACOVO)	Committee on the Administration of Justice
ATGWU (Amalgamated Transport and General Workers Union)	Community Development and Health Network Northern Ireland
Ballymoney District Partnership	Community Foundation for Northern Ireland
Banbridge District Partnership	Community Fund
Barnardos Northern Ireland	Community Relations Council
Barnett Silos Ltd	Confederation of British Industry
Belfast European Partnership Board	Construction Employers Federation
Belfast Solicitors' Association	Cookstown District Partnership
Belfast Traveller Education & Development Group	EC District Partnership
British Deaf Association (NI)	Council for the Homeless (NI)
British Red Cross	Counteract
Bryson House	Craigavon District Partnership
Cancer Research NI	Craigavon Standing Conference of Women's Organisation
Carafriend	Cruse Bereavement Care (NI)
Carers Northern Ireland	Derry Well Women
Castlereagh Partnership for Peace and Reconciliation	Disability Action
Central Management Unit	Down District Partnership Board
Child Poverty Action Group	Down's Syndrome Association
Childcare Northern Ireland	East Belfast Community Development Agency
Children's Law Centre	Employers Forum on Disability
Chinese Chamber of Commerce	Equality Commission
Chinese Welfare Association	Equality Forum Northern Ireland
	Extern

Falls Community Council
Falls Women's Centre
Federation of Small Business
Federation of the Retail Licensed Trade
Fermanagh District Partnership
Fermanagh Women's Network
Financial Institutions
First Key (Northern Ireland)
Forbairt Feirste
Foundry Regeneration Trust
Foyle Friend
Foyle Women's Information Network
FPA Northern Ireland (Formerly Family Planning Association)
Freight and Transport Association
G. E. McLarnon & Sons Ltd
Gaeiloluint
Gael Linn
Gay and Lesbian Youth NI
General Consumer Council Northern Ireland
Gingerbread Northern Ireland
GMB Union
Heart Foundation
Help the Aged (NI)
HM Council of County Court
House of Commons Library
House of Lords Library
Indian Community Centre
Individuals who either responded to earlier public consultation or who expressed an interest in the review.
Initiative Economic Development
Inland Revenue
Institute of Directors
Institute of Professional Legal Studies (QUB)
Iomairt Cholm Cille
Irish and Local Studies Dept.
Irish Auctioneers & Valuers Institute
John Andrews & Co. Ltd
Landlords Association for N I
Law Centre (NI)

Law Reform Advisory Committee
Legal Advisory Service
Lesbian Line
Limavady District Partnership
Lisburn Development LTD.
Lisburn Peace and Reconciliation Partnership
Local Government Staff Commission for Northern Ireland
MacMillan Cancer Relief
Magherafelt Area Partnership
Magherafelt Business Forum
Magherafelt Womens Group
Magistrates' Court
Mandarin Speakers Association
Marie Curie Cancer Care
MENCAP
Mid-Ulster Women's Network
Ministry of Defence
MOD
Multi-Cultural Resource Centre
N I Agricultural Producers Association
N I Policing Board
National Association of Estate Agents
National Society for the Prevention of Cruelty to Children (NSPCC)
National Union of Students and Union of Students in Ireland
New Opportunities Fund
New TSN Unit
Newry and Mourne Peace and Reconciliation Partnership
Newry and Mourne Senior Citizen's Consortium
Newry and Mourne Women
Newtownabbey District Partnership
Newtownabbey Methodist Mission
Newtownabbey Ratepayers Association
Newtownabbey Senior Citizens Forum
Nexus Research Co-operative

NI Association for Mental Health
NI Chamber of Commerce and Industry
NI Committee ICTU
NI Council for Voluntary Action
NI District Councils
NI Economic Council
NI Federation of Housing Associations
NI Government Departments
NI Grain Trade Association
NI Health Trusts
NI Human Rights Commission
NI Independent Retail Trade Association
NI Local Enterprise Agencies
NI Members of House of Lords & Westminster Spokespersons
NI Political Parties
NI Resident Magistrates' Court
NI Women's Aid Federation
NI Youth & Family Courts
NIACRO
NICEM
NIGRA
NIHE
NILGA
NIO
NIPSA
NISRA
NIWEP
North Down District Partnership
North West Community Network
North West Forum of People with Disabilities
North/South Language Body
Northern Ireland African Cultural Centre
Northern Ireland Anti Poverty Network
Northern Ireland Bankers Association
Northern Ireland Chamber of Trade
Northern Ireland Court Service
Northern Ireland MLAs, MPs and MEPs
Northern Ireland Textiles and Apparel Association Ltd.

Northern Ireland Youth Forum
Oideas Loch Lao
Omagh District Partnership
Omagh Women's Area Network
Oxfam
Pakistani Community Association
Parents Advice Centre
Parents and Professions and Autism Charity Resource Centre
Parliamentary Clerk
POBAL
Port of Larne
Post Office
Praxis
Press for Change
PSNI
Quarry Products Association
Queens University
Queer Space
Relate Northern Ireland
Religious Organisations
RICS (NI),
Royal National Institute for Deaf People (RNID)
Royal National Institute for the Blind (RNIB)
Rural Community Network (NI)
Rural Development Council
Samaritans
Sargent Cancer Care for Children
Save the Children
School of Law
Sense Northern Ireland
Shadow Secretary of State
Shorts Bombardier plc
Simon Community N. Ireland
Society of Local Authority Chief Executives
South Tyrone Area Partnership
South West Belfast Community Forum
Sperrin Lakeland Senior Citizen's Consortium
Strabane District Partnership
The Ards Partnership
The Blind Centre (NI)

The British Council
The Cedar Foundation
The Derry Partnership for Derry City Council Area
The Equality Unit
The Executive Council of the Inn of Court of Northern Ireland
The Guide Dogs for the Blind Association
The Industrial Society
The Law Society
The Office of Law Reform
The Ombudsman
The Peace and Reconciliation Partnership Ballymena Area
The Rainbow Project
The Statutory Duty Unit
The Women's Centre
Thompson Engineering Ltd.
Town Centres Forum
Training for Women Network
Travellers Movement NI
UCATT (Union of Construction, Allied Trades and Technicians)
Ulster Cancer Foundation
Ulster Farmers Union
Ulster People's College
Ulster Scots Heritage Council
ULTACH
UNI TRUNK
UNISON
University of Ulster Jordanstown
Victims Unit
War on Want
West Belfast Economic Forum
Women's Forum Northern Ireland
Women's Information Group
Women's Resource and Development Agency
Women's Support Network
Youth Council for Northern Ireland
Youthnet

