

NON-DOMESTIC RATING (MULTIPLIERS AND PRIVATE SCHOOLS) BILL

Memorandum from the Ministry of Housing, Communities and Local Government to the Delegated Powers and Regulatory Reform Committee

A. INTRODUCTION

1. This memorandum has been prepared for the Delegated Powers and Regulatory Reform Committee to assist with its scrutiny of the Non-Domestic Rating (Multipliers and Private Schools) Bill (“the Bill”). The Bill was introduced in the House of Commons on 13 November 2024, and brought to the House of Lords on 16 January 2025. This memorandum identifies the provisions of the Bill that confer powers to make delegated legislation. It explains in each case why the power has been taken and explains the nature of, and the reason for, the procedure selected.

B. PURPOSE AND EFFECT OF THE BILL

2. The Bill implements changes to the system of non-domestic rates (known as business rates) in England only, by amending the Local Government Finance Act 1988 (“the 1988 Act”).
3. Clauses 1 to 4 makes amendments to Part A1 of Schedule 7 to the 1988 Act to enable provision to be made for new non-domestic rating multipliers, the tax rates for business rates. There are currently two multipliers for non-domestic rating in England – the non-domestic rating multiplier and the small business non-domestic rating multiplier.
4. The purpose of these provisions is to deliver the Chancellor of the Exchequer’s commitment in the 2024 Autumn Budget to provide long term support to high streets, including through provision for lower multipliers for qualifying retail, hospitality or leisure hereditaments (properties), and higher multipliers for high value hereditaments.
5. Clause 5 delivers on the government’s manifesto commitment to end the charitable business rates relief for private schools that are charities. It does this by providing that charitable relief does not apply where the hereditament is in England and is wholly or mainly used for the purposes of carrying on a private school. Hereditaments occupied by institutions wholly or mainly concerned with providing full-time education to pupils with Education, Health and Care plans (EHCP), are excluded from the provision. Independent training or learning providers are also excluded from the provisions.

C. DELEGATED POWERS

Clause 1(3): Power for the Treasury to introduce higher multipliers

Power conferred on: The Treasury

Power exercised by: Regulations made by statutory instrument

Parliamentary Procedure: Affirmative procedure

Context and Purpose

6. In the Autumn Budget 2024 the government announced that to create a fairer business rates system and level the playing field for the high street, it intended to introduce lower tax rates for retail, hospitality and leisure (RHL) properties with rateable values less than £500,000 from 2026-27. The government intends to fund this by introducing a higher multiplier on the most valuable properties.
7. Clause 1 amends Part A1 of Schedule 7 to the 1988 Act. Clause 1(3) introduces Chapter 3A ('Other non-domestic rating multipliers'), and new paragraph A6A(1)(a) of that Schedule empowers the Treasury to make provision for the calculation of additional multipliers that are higher than the non-domestic rating multiplier. There is no limit on the number of higher multipliers.
8. Under Schedule 4ZA (for occupied hereditaments), Schedule 4ZB (for unoccupied hereditaments) and Schedule 5A (for hereditaments on the central rating list), (collectively known as the "Charging Schedules"), the chargeable amount is found by multiplying the rateable value for the hereditament (or in relation to the central list the ratepayer) by the relevant multiplier. Multipliers are therefore expressed as a number – for example the Non-Domestic Rating Multiplier for 2024/25 is 0.546. The new paragraph A6A(1)(a) provides that the higher multipliers for a year may not be more than 0.1 higher than the Non-Domestic Rating Multiplier for that year.

Justification for taking the power

9. The government needs to bring forward primary legislation promptly to ensure it can introduce new business rates multipliers for 1 April 2026.
10. The Treasury considers at each Autumn Budget both the level of the multipliers for the coming financial year and who should be eligible for them. These decisions feed into the costings and financial forecasts made by the Office for Budget Responsibility (OBR). The Treasury must then confirm and give notice of those multipliers before local authorities can calculate and issue bills to ratepayers.
11. Unlike most taxes which are generally paid after an event, after the end of the financial year or (for example for PAYE) at the end of the month, the non-domestic rating bill is calculated in advance for the whole year and issued by local government often several weeks before the start of the financial year. Therefore, changes to liabilities and reliefs for non-domestic rates have to be made in advance and be in place several weeks before the start of the financial year if they are to be included in the initial business rate bills.

12. Additionally, local authorities will need to develop and confirm processes and IT systems to accommodate new multipliers. All of these matters need to be settled by late January or early February before the April when the multipliers take effect. Although the formal notice of the multipliers is sometimes issued in early March the multipliers are generally confirmed to local government before then. This therefore leaves only a handful of weeks at best in which to pass the necessary legislation introducing new multipliers, calculate those multipliers and confirm them to local government.
13. Non-domestic rates are a local tax and, therefore, cannot be included in the Finance Acts which are reserved for national taxation.
14. Therefore, in order for the Treasury to take decisions on non-domestic rating multipliers at the Autumn Budget and be confident those changes can be in rate bills for the start of the following financial year it is necessary to take delegated powers. This allows the government to change the law in a matter of weeks so that local authorities can then prepare their systems and issue bills.
15. The powers are constrained in a number of ways. The power to introduce higher multipliers may only be used to introduce multipliers up to a 0.1 cap above the non-domestic rating multiplier. Secondly, multipliers introduced under this power may only apply to hereditaments with a rateable value of £500,000 and above (under the powers in clause 3 discussed below).
16. We are placing as many limits on the powers as is consistent with them being available to deliver the policy – which, because of Budget calculations and OBR costings and forecasting, might involve different higher/lower multipliers within a limited corridor, over time. This approach is consistent with the approach taken in relation to major taxes, where Parliament has judged that it is appropriate to allow the Treasury to vary tax rates up or down within a narrow corridor by secondary legislation, particularly where this needs to be done quickly. Section 2(2) of the VAT Act 1994 confers a power on the Treasury to increase or decrease the rate of VAT by up to 25%. Similarly, section 1(2) of the Excise Duties (Surcharges or Rebates) Act 1979 confers a power on the Treasury to vary liability to - and allowances in respect of - excise duties, so long as the addition to or deduction from the amount payable or allowable does not exceed 10%.

Justification for the procedure

17. The government recognises that this power allows it to increase the tax liability of certain ratepayers. Therefore, it is considered appropriate for regulations under this power to be subject to the affirmative resolution procedure. This is consistent with other tax raising powers used in business rates and elsewhere such as:
 - a. The powers in paragraph 10(9) and (10) of Schedule 4ZA (and equivalent powers in Schedule 4ZB and 5A) which allow the Treasury to vary which hereditaments are liable for which multiplier,

- b. The powers in section 57A of the 1988 Act which allow the Secretary of State to make provisions for chargeable amounts in place of those in the Charging Schedules,
- c. Section 2(2) of the VAT Act 1994 confers a power on the Treasury to increase or decrease the rate of VAT by up to 25%, where the power to increase is subject to the affirmative resolution procedure.
- d. Section 1(2) of the Excise Duties (Surcharges or Rebates) Act 1979 confers a power on the Treasury to vary liability to and allowances in respect of the excise duties in section 1(1) so long as the addition to or deduction from the amount payable or allowable does not exceed 10%. Changes that increase tax are subject to the affirmative resolution procedure.

Clause 1(3): Power for the Treasury to introduce lower multipliers

Power conferred on: The Treasury

Power exercised by: Regulations made by statutory instrument

Parliamentary Procedure: Negative resolution procedure

Context and Purpose

- 18. The government has committed to introducing lower multipliers from 2026/27 for qualifying retail, hospitality and leisure properties with a rateable value below £500,000.
- 19. Clause 1(3) introduces the new Chapter 3A into Part A1 of Schedule 7. Paragraph A6A(1)(b) contains a power for the Treasury to make provision for the calculation of up to two multipliers that are each up to 0.2 lower than the small business non-domestic rating multiplier. Connected provisions in Clause 3 clarify these powers may only be applied to 'a qualifying retail, hospitality or leisure hereditament' and a separate power is included in Clause 3 to enable the Treasury to prescribe the meaning of that category in regulations.

Justification for the Power

- 20. The government needs to bring forward primary legislation promptly to ensure it can introduce new business rates multipliers for 1 April 2026.
- 21. The Treasury considers at each Autumn Budget both the level of the multipliers for the coming financial year and who should be eligible for them. These decisions feed into the costings and financial forecasts made by the Office for Budget Responsibility (OBR). The Treasury must then confirm and give notice of those multipliers before local authorities can calculate and issue bills to ratepayers.
- 22. Unlike most taxes which are generally paid after an event, after the end of the financial year or (for example for PAYE) at the end of the month, the non-

domestic rating bill is calculated in advance for the whole year and issued by local government often several weeks before the start of the financial year. Therefore, changes to liabilities and reliefs for non-domestic rates have to be made in advance and be in place several weeks before the start of the financial year if they are to be included in the initial business rate bills.

23. Additionally, local authorities will need to develop and confirm processes and IT systems to accommodate new multipliers. All of these matters need to be settled by late January or early February before the April when the multipliers take effect. Although the formal notice of the multipliers is sometimes issued in early March the multipliers are generally confirmed to local government before then. This therefore leaves only a handful of weeks at best in which to pass the necessary legislation introducing new multipliers, calculate those multipliers and confirm them to local government.
24. Non-domestic rates are a local tax and, therefore, cannot be included in the Finance Acts which are reserved for national taxation.
25. Therefore, in order for the Treasury to take decisions on non-domestic rating multipliers at the Autumn Budget and be confident those changes can be in rate bills for the start of the following financial year it is necessary to take delegated powers. This allows the government to change the law in a matter of weeks so that local authorities can then prepare their systems and issue bills.
26. The power is constrained in a number of ways. It may only be used to introduce up to two additional multipliers and may be set no lower than 0.2 beneath the small business multiplier for a given year. Under connected provisions in clause 3, lower multipliers must be targeted at 'qualifying retail, hospitality and leisure' hereditaments.
27. We are placing as many limits on the powers as is consistent with them being available to deliver the policy – which, because of Budget calculations and OBR costings and forecasting, might involve different higher/lower multipliers within a limited corridor, over time. This approach is consistent with the approach taken in relation to major taxes, where Parliament has judged that it is appropriate to allow the Treasury to vary tax rates up or down within a narrow corridor by secondary legislation, particularly where this needs to be done quickly. Section 2(2) of the VAT Act 1994 confers a power on the Treasury to increase or decrease the rate of VAT by up to 25%. Similarly, section 1(2) of the Excise Duties (Surcharges or Rebates) Act 1979 confers a power on the Treasury to vary liability to - and allowances in respect of - excise duties, so long as the addition to or deduction from the amount payable or allowable does not exceed 10%.

Justification for the procedure

28. This power may only be used to reduce the tax rate used to calculate certain ratepayers' bills. Therefore, the government considers that it is appropriate for regulations under this power to be subject to the negative resolution procedure.

29. The use of the negative procedure follows similar existing powers in the 1988 Act and elsewhere:

- a. Paragraph 4(2)(a) of Schedule 4ZA, which provides a power for the Secretary of State to prescribe conditions for the small business relief to apply, is subject to the negative procedure;
- b. Paragraph 10(6) of Schedule 4ZA, which provides a power for the Secretary of State to prescribe an amount for E which is used to calculate non-domestic rating liability when the small business relief is applied, is also subject to the negative procedure; and
- c. Paragraph 10(7) of Schedule 4ZA and paragraph 6(6) of Schedule 5A which provide powers for the Secretary of State to prescribe an amount G which is used to calculate a deduction from the rateable value (and therefore rates bill) in circumstances where improvement relief applies.
- d. Section 2(2) of the VAT Act 1994 confers a power on the Treasury to increase or decrease the rate of VAT by up to 25%, where the power to decrease is subject to the negative resolution procedure.
- e. Section 1(2) of the Excise Duties (Surcharges or Rebates) Act 1979 confers a power on the Treasury to vary liability to and allowances in respect of the excise duties in section 1(1) so long as the addition to or deduction from the amount payable or allowable does not exceed 10%. Changes that decrease tax are subject to the negative resolution procedure.

Clause 2(2): Special authority multipliers

Context and Purpose

30. Clause 2 makes provision for additional multipliers in relation to a special authority. Part 2 of Schedule 7 to the 1988 Act concerns the multipliers set by a special authority. A special authority is defined in section 144(6) to the 1988 Act as one which on 1 April 1986 had a population of less than 10,000 and a total rateable value per population number of more than £10,000. In practice only the City of London Corporation (“the Corporation”) meets this test and is a special authority.

31. Clause 2 provides that Part 2 of Schedule 7 to the 1988 Act is amended to allow for the additional multipliers in the City of London. Clause 2(2) amends Part 2 of Schedule 7 to insert the new paragraph 9B. This provides for a new power for the Treasury to make provision about additional multipliers in the City of London where they have exercised the same powers (as provided in clause 1) in respect of the rest of England. These powers for the City of London special authority are, in effect, subject to the same limits as those in England:

- a. the new sub paragraph 9B(1)(a)(i) provides that higher multipliers in the City of London cannot be more than 0.1 higher than the City of London’s non-domestic rating multiplier, and
- b. the new sub-paragraph 9B(1)(a)(ii) provides that the lower multipliers in the City of London cannot be more than 0.2 lower than the City of

London's small business non-domestic rating multiplier.

Justification for the Power

32. The government needs to bring forward primary legislation promptly to ensure it can introduce new business rates multipliers for 1 April 2026.
33. The Treasury considers at each Autumn Budget both the level of the multipliers for the coming financial year and who should be eligible for them. These decisions feed into the costings and financial forecasts made by the Office for Budget Responsibility (OBR). The Treasury must then confirm and give notice of those multipliers before local authorities can calculate and issue bills to ratepayers.
34. Unlike most taxes which are generally paid after an event, after the end of the financial year or (for example for PAYE) at the end of the month, the non-domestic rating bill is calculated in advance for the whole year and issued by local government often several weeks before the start of the financial year. Therefore, changes to liabilities and reliefs for non-domestic rates have to be made in advance and be in place several weeks before the start of the financial year if they are to be included in the initial business rate bills.
35. Additionally, local authorities will need to develop and confirm processes and IT systems to accommodate new multipliers. All of these matters need to be settled by late January or early February before the April when the multipliers take effect. Although the formal notice of the multipliers is sometimes issued in early March the multipliers are generally confirmed to local government before then. This therefore leaves only a handful of weeks at best in which to pass the necessary legislation introducing new multipliers, calculate those multipliers and confirm them to local government.
36. Non-domestic rates are a local tax and, therefore, cannot be included in the Finance Acts which are reserved for national taxation.
37. Therefore, in order for the Treasury to take decisions on non-domestic rating multipliers at the Autumn Budget and be confident those changes can be in rate bills for the start of the following financial year it is necessary to take delegated powers. This allows the government to change the law in a matter of weeks so that local authorities can then prepare their systems and issue bills.
38. The power to make provision for multipliers in the City of London is subject to the same constraints as the clause 1 multiplier powers. Higher multipliers in the City of London cannot be more than 0.1 higher than the City of London's non-domestic rating multiplier, and lower multipliers in the City of London cannot be more than 0.2 lower than the City of London's small business non-domestic rating multiplier.
39. We are placing as many limits on the powers as is consistent with them being available to deliver the policy – which, because of Budget calculations and

OBR costings and forecasting, might involve different higher/lower multipliers within a limited corridor, over time. This approach is consistent with the approach taken in relation to major taxes, where Parliament has judged that it is appropriate to allow the Treasury to vary tax rates up or down within a narrow corridor by secondary legislation, particularly where this needs to be done quickly. Section 2(2) of the VAT Act 1994 confers a power on the Treasury to increase or decrease the rate of VAT by up to 25%. Similarly, section 1(2) of the Excise Duties (Surcharges or Rebates) Act 1979 confers a power on the Treasury to vary liability to - and allowances in respect of - excise duties, so long as the addition to or deduction from the amount payable or allowable does not exceed 10%.

Justification for the procedure

40. The parliamentary procedures for these powers in clause 2 in respect of the City of London also replicate those for the powers in England in clause 1.
41. Under the new sub-paragraph 9B(3) regulations making provision for higher multipliers in the City of London cannot be made unless a draft has been approved by the House of Commons (i.e. affirmative resolution Commons only procedure).
42. This is consistent with other tax raising powers used in business rates and elsewhere such as:
 - a. The powers in paragraph 10(9) and (10) of Schedule 4ZA (and equivalent powers in Schedule 4ZB and 5A) which allow the Treasury to vary which hereditaments are liable for which multiplier,
 - b. The powers in section 57A of the 1988 Act which allow the Secretary of State to make provisions for chargeable amounts in place of those in the Charging Schedules,
 - c. Section 2(2) of the VAT Act 1994 confers a power on the Treasury to increase or decrease the rate of VAT by up to 25%, where the power to increase is subject to the affirmative resolution procedure.
 - d. Section 1(2) of the Excise Duties (Surcharges or Rebates) Act 1979 confers a power on the Treasury to vary liability to and allowances in respect of the excise duties in section 1(1) so long as the addition to or deduction from the amount payable or allowable does not exceed 10%. Changes that increase tax are subject to the affirmative resolution procedure.
43. Under the new sub-paragraph 9B(4) regulations making provision for the lower multipliers in the City of London are subject to annulment in pursuance of a resolution of the House of Commons (i.e. negative resolution Commons only procedure).
44. The use of the negative procedure follows similar existing powers in the 1988 Act:

- a. Paragraph 4(2)(a) of Schedule 4ZA, which provides a power for the Secretary of State to prescribe conditions for the small business relief to apply, is subject to the negative procedure;
- b. Paragraph 10(6) of Schedule 4ZA, which provides a power for the Secretary of State to prescribe an amount for E which is used to calculate non-domestic rating liability when the small business relief is applied, is also subject to the negative procedure; and
- c. Paragraph 10(7) of Schedule 4ZA and paragraph 6(6) of Schedule 5A which provide powers for the Secretary of State to prescribe an amount G which is used to calculate a deduction from the rateable value (and therefore rates bill) in circumstances where improvement relief applies.
- d. Section 2(2) of the VAT Act 1994 confers a power on the Treasury to increase or decrease the rate of VAT by up to 25%, where the power to decrease is subject to the negative resolution procedure.
- e. Section 1(2) of the Excise Duties (Surcharges or Rebates) Act 1979 confers a power on the Treasury to vary liability to and allowances in respect of the excise duties in section 1(1) so long as the addition to or deduction from the amount payable or allowable does not exceed 10%. Changes that decrease tax are subject to the negative resolution procedure.

Clause 3 powers, amending Schedules 4ZA (chargeable amount for occupied hereditaments), 4ZB (chargeable amount for unoccupied hereditaments), and 5A (chargeable amount for central rating): rules and powers for determining when additional multipliers should apply.

Context and Purpose

45. Clause 3 makes provisions for the application of the additional multipliers to non-domestic rating bills. Whilst the provisions for setting multipliers are in Schedule 7 to the 1988 Act, provisions regarding the hereditaments or ratepayers to which those multipliers are applied are found in the three schedules which deal with calculating chargeable amounts. They are Schedule 4ZA to the 1988 Act (which concerns occupied hereditaments on local rating lists), Schedule 4ZB (which concerns unoccupied hereditaments on local rating lists) and Schedule 5A (which concerns hereditaments on the central rating list).
46. Clause 3(1) provides that clause 3 amends these three Schedules to make provision for the application of the additional multipliers.

Occupied hereditaments – Schedule 4ZA amendments

47. Clause 3(2) amends Schedule 4ZA to provide rules and powers for determining when the additional multipliers should apply to occupied hereditaments on local rating lists.
48. Clause 3(2)(a) amends paragraph 10(9) of Schedule 4ZA to add the new additional multipliers to the existing powers which allows the Treasury to determine when the two existing multipliers should apply. As a result the

Treasury will be able to prescribe in regulations when the additional multipliers apply for calculating chargeable amounts for occupied hereditaments on local rating lists,

49. Clause 3(2)(b) inserts into Schedule 4ZA:

- a. The new sub-paragraph (9B) and (9C) which provides that the higher multipliers can only apply to hereditaments with a rateable value of £500,000 and above, and that the lower multipliers can only apply to qualifying retail, hospitality and leisure hereditaments,

50. Clause 3(2)(c) amends paragraph 10(10) of Schedule 4ZA to make clear that those regulations may make reference to the description of the hereditament in the local non-domestic rating list in addition to the other factors already listed at sub-paragraph 10(10).

Unoccupied hereditaments – Schedule 4ZB amendments

51. Clause 3(3) amends Schedule 4ZB to provide equivalent rules and powers for determining when additional multipliers should apply to unoccupied hereditaments on local rating lists.

52. The amendments to powers in paragraph 10 of Schedule 4ZA described above are replicated exactly to amend paragraph 10 of Schedule 4ZB.

- a. clause 3(2)(a) above is replicated at clause 3(3)(a),
- b. clause 3(2)(b) is replicated at clause 3(3)(b), and
- c. clause 3(2)(c) is replicated at clause 3(3)(c).

Central rating list hereditaments – Schedule 5A amendments

53. Clause 3(4) amends Schedule 5A to provide equivalent rules and powers for determining when additional multipliers should apply to hereditaments on the central rating list.

54. The amendments to powers in paragraph 10 of Schedule 4ZA described above are replicated exactly to amend paragraph 10 of Schedule 5A.

- a. clause 3(2)(a) above is replicated at clause 3(4)(a),
- b. clause 3(2)(b) is replicated at clause 3(4)(b), and
- c. clause 3(2)(c) is replicated at clause 3(4)(c).

Justification for the Power

55. Clause 3 contains a combination of amended and new powers to provide for the application of additional multipliers to hereditaments.

Clause 3(2)(a), 3(3)(a) and 3(4)(a) amending the power at paragraph 10 of Schedules 4ZA, 4ZB and 5A to apply multipliers to hereditaments

56. The provision introduced by clause 3(2)(a) amending the power at paragraph 10 of Schedule 4ZA – and equivalent changes in Schedule 4ZB and Schedule 5A – enables the Treasury to apply new multipliers to relevant hereditaments.

57. It is necessary to widen the existing power rather than apply multipliers to hereditaments in the Bill because the precise details will be determined and confirmed at the Autumn Budget in 2025 for implementation in April 2026, in line with normal tax process. These decisions feed into the costings and financial forecasts made by the Office for Budget Responsibility (OBR). The Treasury must then confirm and give notice of those multipliers before local authorities can calculate and issue bills to ratepayers.
58. Unlike most taxes which are generally paid after an event, after the end of the financial year or (for example for PAYE) at the end of the month, the non-domestic rating bill is calculated in advance for the whole year and issued by local government often several weeks before the start of the financial year. Therefore, changes to liabilities and reliefs for non-domestic rates have to be made in advance and be in place several weeks before the start of the financial year if they are to be included in the initial business rate bills.
59. Additionally, local authorities will need to develop and confirm processes and IT systems to accommodate new multipliers. All of these matters need to be settled by late January or early February before the April when the multipliers take effect. Although the formal notice of the multipliers is sometimes issued in early March the multipliers are generally confirmed to local government before then. This therefore leaves only a handful of weeks at best in which to pass the necessary legislation introducing new multipliers, calculate those multipliers and confirm them to local government.
60. Non-domestic rates are a local tax and, therefore, cannot be included in the Finance Acts which are reserved for national taxation.
61. Therefore, in order for the Treasury to take decisions on non-domestic rating multipliers at the Autumn Budget and be confident those changes can be in rate bills for the start of the following financial year it is necessary to take delegated powers. This allows the government to change the law in a matter of weeks so that local authorities can then prepare their systems and issue bills.
62. We are placing as many limits on the powers as is consistent with them being available to deliver the policy. The exercise of this power is constrained by further amendments to the existing power included in the Bill. Higher multipliers introduced may only be applied to hereditaments with a rateable value of £500,000 and above. Lower multipliers may only be applied to qualifying retail, hospitality or leisure hereditaments.

Clause 3(2)(b), 3(3)(b), and 3(4)(b) adding constraints to the new power to apply multipliers to hereditaments in paragraph 10(9) of Schedules 4ZA, 4ZB and 5A

63. Clause 3(2)(b) – and equivalent provisions relating to Schedule 4ZB and Schedule 5A – adds constraints through new paragraph 10A to the regulation-making power in paragraph 10 of Schedule 4ZA to limit the application of the new multipliers. This is to ensure that higher multipliers may only be used to calculate the chargeable amount of hereditaments with a rateable value of £500,000 and above, and that lower multipliers may only be applied to qualifying retail, hospitality and leisure hereditaments.

New power inserted by clause 3(2)(b), 3(3)(b), and 3(4)(b) to Schedules 4ZA, 4ZB and 5A enabling the Treasury to prescribe in regulations the meaning of ‘qualifying retail, hospitality or leisure hereditament’

64. New sub-paragraph 10B introduced by clause 3(2)(b) – and equivalent provisions introduced by clause 3(3)(b) and 3(4)(b) relating to Schedule 4ZB and Schedule 5A – contain a power for the Treasury to prescribe the meaning of qualifying retail, hospitality and leisure hereditaments in regulations.

65. Retail, hospitality and leisure are broad categories which have never before been defined in rating legislation. Given the exhaustive level of detail involved, the government considers it appropriate to set out the description of particular sectors in secondary legislation. Taking a power will also enable the government to adapt and maintain these definitions as it monitors the practical implementation of new multipliers, for example by reflecting the emergence of a new business model.

Clause 3(2)(c), 3(3)(c), and 3(4)(c) amending the power at paragraph 10(10) of Schedules 4ZA, 4ZB and 5A to expand the list of factors by reference to which a multiplier may be applied

66. Regulations under paragraph 10(9) of Schedule 4ZA – and equivalent provisions in Schedule 4ZB and Schedule 5A – applying multipliers to hereditaments may do so by reference to factors listed at sub-paragraph 10(10). The existing power is a non-exhaustive list. Nevertheless, the amendment to the paragraph 10(10) power will for the avoidance of doubt make clear that the list of factors includes the description of hereditaments shown on the rating lists by the Valuation Office. The government considers that the Valuation Officer’s description of hereditaments in rating lists is a suitable factor by which multipliers may be applied, and is thus seeking to amend the existing power to remove any doubt that it may be adopted in future regulations.

Justification for the procedure

67. Where clause 3 amends existing powers relating to the application of multipliers (in paragraph 10(9) and (10) of Schedule 4ZA, paragraph 3(6) and (7) of Schedule 4ZB, and paragraph 6(8) and (9) of Schedule 5A), no change has been proposed to the procedure. Regulations remain subject to affirmative resolution procedure.

68. The new powers in clauses 3(2)(b), 3(3)(b) and 3(4)(b) enable the Treasury to prescribe in regulations the meaning of ‘qualifying retail, hospitality and leisure hereditament’. Since these powers enable Ministers only to reduce the tax rate for certain ratepayers, the government considers the negative resolution procedure to be appropriate.

Department Name

Ministry of Housing, Communities and Local Government

Date

15 January 2025