

NON-DOMESTIC RATING BILL

EXPLANATORY NOTES ON LORDS AMENDMENTS

What these notes do

- 1 These Explanatory Notes relate to the Lords Amendments to the Non-Domestic Rating Bill as brought from the House of Lords on 17 October 2023.
- 2 These Explanatory Notes have been prepared by the Department for Levelling Up, Housing and Communities in order to assist the reader of the Bill and the Lords amendments, and to help inform debate on the Lords amendments. They do not form part of the Bill and have not been endorsed by Parliament.
- 3 These Explanatory Notes, like the Lords amendments themselves, refer to HL Bill 140, the Bill as first printed for the Lords.
- 4 These Explanatory Notes need to be read in conjunction with the Lords amendments and the text of the Bill. They are not, and are not meant to be, a comprehensive description of the Lords amendments.
- 5 Lords Amendments 1 to 3 were tabled in the name of the Minister.

Commentary on Lords amendments

Lords Amendments to Clause 13: Requirements for ratepayers etc to provide information

Lords Amendments 1 and 2

- 6 Paragraphs 4I to 4L inserted into Schedule 9 to the Local Government Finance Act 1988 (“the Act”) by clause 13(3) introduce new duties on ratepayers to provide information to the Valuation Office Agency (VOA). Clause 13(5) creates, through new Paragraphs 5ZC to 5ZF, a framework of penalties to support compliance with the duties. Paragraph 5ZC(1) provides that a ratepayer is liable to a civil penalty for failing to comply with the duties, and paragraph 5ZD sets out the level of civil penalty. Where a ratepayer, having received an initial penalty under paragraph 5ZD(1), continues not to comply for a further 30 days, they are liable for a further penalty of £60 per day under paragraph 5ZD(3).
- 7 Lords Amendment 1 would provide that daily penalties under paragraph 5ZD(3) are capped at a total of £1800, equivalent to 30 days of daily penalties. This protects ratepayers while preserving the VOA’s ability to secure information relevant to valuation, in order to deliver more frequent revaluations. The amendment would ensure that this penalty provision for the valuation notification requirement mirrors the equivalent provision for the taxpayer reference duty at paragraph 5ZA(8).

- 8 Paragraph 5ZC(2) inserted by clause 13(5) provides that it is an offence knowingly or recklessly to make a false statement while purporting to comply with the duties. A decision of this nature by the VOA may, under paragraph 5BE (inserted by clause 13(7)), be appealed to the Valuation Tribunal for England. Lords Amendment 2 would apply the criminal burden of proof to this provision so that the tribunal would have to remit a penalty imposed on a ratepayer unless it was satisfied beyond reasonable doubt that the person had knowingly or recklessly made a false statement.

Lords Amendment 3

- 9 Lords Amendment 3 would omit a minor provision from the Act which is no longer needed as a result of clause 15 of the Bill. Clause 15 makes changes to the rules governing the business rates multipliers, including amending Schedule 7 to the Act so that the need to make estimates under paragraphs 5(6) and (7) of that Schedule only applies in relation to Wales. Section 140(2)(b) of the Act refers to Ministers making separate estimates of rateable value for England and Wales, which will no longer reflect the reality introduced by clause 15. Lords Amendment 3 would omit section 140(2)(b) as an obsolete provision.

Financial Effects of Lords Amendments

- 10 As it will be amended by the Bill, paragraph 5E of Schedule 9 to the Act requires valuation officers to pay sums received by way of penalties under paragraph 5ZD of that Schedule into the Consolidated Fund. By capping the amount of penalty that can be charged under paragraph 5ZD(3), Lords amendment 1 potentially reduces the amount that could be paid into the Consolidated Fund. Otherwise, there are no financial implications related to the Lords amendments.

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