

EXPLANATORY LEAFLET

PHASING OUT OF INDUSTRIAL DE-RATING

What is this leaflet about?

The decision to phase out industrial derating was announced in April 2003 following a public consultation exercise on the Review of Rating Policy in May 2002. The draft legislation was published in October 2003. Details of the consultation process, policy paper and legislation can be obtained from the Review of Rating Policy website: www.ratingreviewni.gov.uk/

The phasing out of industrial de-rating began on 1 April 2005 but full rates on industrial property will not become due until 1 April 2011.

How does the phasing out affect me?

If your property was occupied and used for industrial purposes on 1 April 2005, you became liable for rates at 15% of your full rate liability at this date.

The percentage amount of your full rate liability payable from 1 April 2006 will be as follows:

YEAR	% OF FULL RATE LIABILITY
1 April 2006 – 31 March 2007	25%
1 April 2007 – 31 March 2008	30%
1 April 2008 – 31 March 2009	50%
1 April 2009 – 31 March 2010	75%
1 April 2010 – 31 March 2011	75%
1 April 2011 - onwards	100%

What is my full rate liability based on?

Your full rate liability is based on an assessment by Land & Property Services (Valuation) of the rental value of your property including any buildings, yards and any rateable plant and machinery. This assessment is commonly referred to as your property's Net Annual Value (NAV). Rateable plant and machinery is normally confined to power generation and distribution equipment and specified structures and containers. This would have the greatest impact on heavy engineering businesses. As a general rule, if any plant and machinery is assessed, the amount attributable to these items is usually a small fraction of the total NAV.

How can I find out the current NAV of my property?

To find out the current NAV of your property, you can contact your district LPS office.

Addresses can be found on

<http://www.lpsni.gov.uk/>

If I do not agree with this assessment, can I challenge it?

In the first instance, you can make an application for review to the District Valuer. If you are dissatisfied with the outcome of this review, you can appeal to the Commissioner of Valuation. You also have a further right of appeal, if you remain dissatisfied, to the Lands Tribunal for Northern Ireland. There is no fee for making an application for a review or for an appeal to the Commissioner.

You should be aware that if your property has been improved in recent years and was not reassessed at the time the improvements were made, your NAV could be increased. Before submitting an application for review, it is a good idea to contact your district LPS office first and discuss the matter with a valuer.

Should I seek independent advice about the NAV?

During any discussion with the LPS about your property's NAV, you do not need to have independent representation. However, if you or your company wish to be represented or seek independent advice, you should be aware that members of the Royal Institution of Chartered Surveyors (RICS) (www.ricsfirms.co.uk) and the Institute of Revenues Rating and Valuation (IRRV) (www.irrv.org.uk) are qualified and regulated by rules of professional conduct. Before employing a rating adviser, you should check that they have the necessary knowledge and expertise as well as appropriate indemnity insurance. You should be careful about paying monies to consultants up front either for their services or for them to lodge appeals on your behalf. If necessary, you should seek further guidance from the RICS or IRRV before entering into any contract.

How can I work out what my actual rate bill will be from 1 April 2006?

Your rate bill will be calculated by multiplying the NAV of your property by the non-domestic rate poundage for the relevant year and then applying the relevant percentage for that year, as shown in this leaflet.

Rate poundages are set annually and therefore it is not possible at this stage to work out exactly how much you will have to pay.

What if my property is vacant?

The phasing out arrangements only apply when your property is occupied.

If your property is vacant, it is assessed for rates under the unoccupied rating legislation, which came into operation on 1 April 2004. Certain vacant industrial properties, such as vacant mines and quarries, are exempt from this new rate. Factories may also be entitled to exemption, however this entitlement will be assessed on a case-by-case basis. There is also an initial three-month exemption period for those not entitled to a full exemption.

USEFUL TELEPHONE NUMBERS

INVEST NI OFFICES

Eastern	028 9023 9090
North Eastern	028 2564 9215
North Western	028 7126 7257
Southern	028 3026 2955
Western	028 8224 5763

Further copies of this leaflet can be obtained from
www.lpsni.gov.uk
