



Llywodraeth Cymru
Welsh Government

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Welsh Government
Consultation – Summary of Responses

Non-Domestic Rates

A consultation on the splitting of non-domestic properties in Wales for valuation purposes – Summary of Responses

24 June 2022

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

Overview

This document provides a summary of the responses to the consultation on the splitting of the non-domestic properties for valuation purposes.

Action Required

This document is for information only.

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

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Additional copies

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation:
[Consultation on the splitting of non-domestic properties in Wales for valuation purposes \[HTML\] | GOV.WALES](#)

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Introduction

1. For over 50 years, ratepayers who occupied more than one unit of property in a building shared with other businesses and organisations were assessed for non-domestic rates (NDR) based on the following premise.
 - Where their units of property were contiguous (touching), they received one rates bill.
 - Where their units of property were separated by another business or an area in shared use, they received a separate rates bill for each unit of property.
2. For example, this meant:
 - Where a business occupied two adjoining floors of a building or two rooms separated by a wall only, it received **one rates bill**.
 - Where the business occupied two floors separated by another floor used by another business, or occupied two rooms on either side of a common corridor, it received **two rates bills**.
3. In 2015, the Supreme Court ruled, in the case of Woolway (VO) v Mazars [2015] UKSC 53 (“the Mazars decision”) that the test should concern the geographical nature of the property and, as a result, the VOA has changed its practice.
4. Since the Supreme Court ruling, separate units of property in a shared building are treated as separate rating units and a rates bill is issued for each unit, irrespective of whether they are in the same occupation and are contiguous. As a result, some ratepayers who were previously receiving only one rates bill now receive two or more. In some cases, they have had to pay more in non-domestic rates as a result of this change, while in other cases, bills have fallen.
5. This consultation sought views on the Welsh Government’s proposal to reinstate the relevant elements of the VOA’s practice prior to the Mazar’s decision.
6. This consultation applied to Wales only, but similar changes have already been implemented by the UK Government, to reinstate the VOA’s practice prior to the Mazar’s decision with respect to NDR in England.

Proposals

7. The Welsh Government proposed to make secondary legislation to reinstate the practice of the VOA, prior to the Mazars decision, to coincide with the start of the 2023 rating list and to apply going forward.
8. It was noted that backdating the change, to reinstate previous practice for the 2017 rating list, has a retrospective effect which would require primary legislation. This could not be delivered in time for the 2023 rating list and it

would likely be several more years before primary legislation could be made. The Welsh Government, therefore, proposed prioritising making changes which only apply going forward, in time for the 2023 rating list.

Engagement

9. Views were invited as part of a 12-week consultation period between 9 March and 1 June 2022. The consultation was published on the consultation pages of the Welsh Government's website. Respondents were able to submit their views and comments on paper, by email or online, and in Welsh or English.

Overview of responses

10. In total, the consultation received eight responses. Of these, two were from property agents, two from representative bodies, one was from a ratepayer, one from a local authority, and one from an individual.
11. A full list of respondents is given in Annex A.

Summary of responses

12. This document is intended to be a summary of the responses received. It does not aim to capture every point raised by respondents but to highlight the key themes.

Q1. What are your views on the proposal to reinstate the practice of the VOA prior to the Mazars decision?

13. Of the eight responses received, seven were in favour of the proposal. One respondent was of the view that the Mazars decision is more logical, and the previous practice should not be reinstated.

Q2. What are your views on the proposal to prioritise making any legislative changes to apply from the start of the 2023 rating list?

14. Of the seven respondents who supported reinstating the practice of the VOA prior to the Mazars decision, two accepted this element of the proposal. They recognised that, whilst the changes should ideally be retrospective, the timing constraints around primary legislation meant that prioritising changes in time for the 2023 rating list was in the best interests of Welsh ratepayers.
15. The other five respondents were of the view that retrospective changes should be made. They noted that the previous practice was reinstated by the UK Government for England in 2018 and applied to the 2010 (now closed) and 2017 rating lists. These respondents were of the view that not making retrospective changes would disadvantage affected businesses in Wales.

Q3. The Welsh Government would like your views on the possible effects that altering the law applicable to the rating of split properties could have on the Welsh language, specifically on:

- i. opportunities for people to use Welsh; and**
- ii. on treating the Welsh language no less favourably than English.**

16. Five respondents answered this question. They were of the view that the proposals would not have any effect on the use of the Welsh language.

Q4. Please also explain how you think policy on the rating of split properties could be developed so as to have:

- i. positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language; and**
- ii. no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**

17. Four respondents answered this question. They were of the view that the proposals would not have any effect on the use of the Welsh language.

Q5. Do you have any other views on the rating of split properties in relation to Welsh language considerations?

18. Four respondents answered this question. They did not provide any further views.

Q6. We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them.

19. One respondent answered this question, reiterating the views expressed in their answers to previous questions.

Next steps

20. The views on backdating the proposed changes are recognised. Secondary legislation is not subject to the same timing constraints as primary legislation, which would be required to make retrospective changes. As set out in the consultation, it would be a number of years before suitable primary legislation could potentially be introduced.

21. The Welsh Government will proceed with the secondary legislation required to reverse the Mazars decision in time for the 2023 rating list and to apply going forward.

Annex A: List of respondents

One respondent wished to remain anonymous. The other seven respondents are as follows.

- Admiral Group Plc
- Billy Bremner
- Cushman and Wakefield
- Denbighshire County Council
- Institute of Revenues, Rating and Valuation
- Jones Lang LaSalle
- Royal Institution of Chartered Surveyors