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WELSH STATUTORY  
INSTRUMENTS

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**2023 No. 1354 (W. 244)**

**RATING AND VALUATION,  
WALES**

**The Non-Domestic Rating  
(Improvement Relief) (Wales)  
Regulations 2023**

**EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations, which apply in relation to Wales, have effect for the purposes of determining eligibility for, and calculating the amount of, improvement relief from non-domestic rating liability.

Regulation 3, together with paragraph 3(1) of Schedule 4ZA and paragraph 3(1) and (2) of Schedule 5A to the Local Government Finance Act 1988 (“the 1988 Act”), specify the conditions that must be satisfied to be eligible for improvement relief.

Regulation 4 defines the meaning of “qualifying improvement works” for the purpose of determining eligibility for improvement relief.

Regulation 6 sets the amount of “G” which determines the amounts of relief to be given to particular hereditaments whose chargeable amounts are calculated in accordance with the formulas in paragraph 1 of Schedule 4ZA and paragraph 1 of Schedule 5A to the 1988 Act.

Regulations 5 and 7 make provision requiring the appropriate valuation officer to certify rateable values for the purposes of the application of these Regulations.

The Welsh Ministers’ Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to these Regulations. As a result, a regulatory impact assessment has been prepared as to the likely costs and benefits of complying with these Regulations. A copy can be obtained from the Local Government Finance Reform Division, Welsh Government, Cathays Park, Cardiff, CF10 3NQ.

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I N S T R U M E N T S

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**2023 No. 1354 (W. 244)**

**RATING AND VALUATION,  
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**The Non-Domestic Rating  
(Improvement Relief) (Wales)  
Regulations 2023**

*Made* 11 December 2023

*Laid before Senedd Cymru* 13 December 2023

*Coming into force* 1 April 2024

The Welsh Ministers make the following Regulations in exercise of the powers conferred on them by section 143(1) and (2) of, and paragraphs 3(1)(b) and (2) and 10(7) and (8) of Schedule 4ZA and paragraphs 3(1)(c)(ii) and (3) and 6(6) and (7) of Schedule 5A to, the Local Government Finance Act 1988<sup>(1)</sup>.

**Title and coming into force**

1. The title of these Regulations is the Non-Domestic Rating (Improvement Relief) (Wales) Regulations 2023 and they come into force on 1 April 2024.

**Interpretation**

2. In these Regulations—

“the Act” (“y Ddeddf”) means the Local Government Finance Act 1988;

“appropriate valuation officer” (“swyddog prisiau priodol”) —

(a) in relation to a hereditament in respect of which regulations under section 53(1) of the

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(1) 1988 c. 41. Section 143(2) was amended by section 154(3)(a) of the Local Government and Elections (Wales) Act 2021; there is another amendment not relevant to these Regulations. Schedules 4ZA and 5A were inserted into the 1988 Act by sections 1 and 3 of the Non-Domestic Rating Act 2023 (c. 53).

Act (contents of central lists)(1) apply, means the central valuation officer;

- (b) in relation to any other hereditament, means the valuation officer compiling or maintaining a local list in which the hereditament is shown;

“central list” (*“rhestr ganolog”*) means a list compiled and maintained in accordance with section 52 of the Act;

“chargeable day” (*“diwrnod y codir swm ynglŷn ag ef”*), in relation to an occupied hereditament on a local list, has the meaning given by section 43(3) of the Act, and, in relation to a hereditament on the central list, has the meaning given by section 54(3) of the Act;

“list” (*“rhestr”*) means a local or central list;

“local list” (*“rhestr leol”*) means a list compiled and maintained in accordance with section 41 of the Act;

“new hereditament” (*“hereditament newydd”*) means a hereditament which comes into existence because—

- (a) property previously rated as a single hereditament becomes liable to be rated in parts;
- (b) property previously rated in parts becomes liable to be rated as a single hereditament;
- (c) a hereditament or any part of a hereditament becomes part of a different hereditament;

“qualifying improvement works” (*“gwaith gwella cymhwysol”*) has the meaning given in regulation 4;

“qualifying period” (*“cyfnod cymhwysol”*), in relation to a hereditament, means the period mentioned in paragraph 3(1)(a) of Schedule 4ZA or in paragraph 3(2) of Schedule 5A to the Act;

“relevant certificate” (*“tystysgrif berthnasol”*) means a certificate issued under regulation 5(1);

“relevant predecessor hereditament” (*“hereditament rhagflaenol perthnasol”*), in relation to a new hereditament, means a hereditament in relation to which the qualifying improvement works were commenced or which includes land which formed part of that hereditament.

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(1) Section 53(1) was amended by section 139 of, and paragraph 29 of Schedule 5 to, the Local Government and Housing Act 1989 (c. 42.).

### Conditions for relief

**3.—**(1) The conditions prescribed for the purposes of paragraph 3(1)(b) of Schedule 4ZA and paragraph 3(1)(c)(ii) of Schedule 5A to the Act are that—

- (a) a relevant certificate has been issued in relation to the hereditament,
- (b) the certificate has not ceased to have effect or been withdrawn (see regulation 7(3) and (11)), and
- (c) the same person has been the occupier in relation to that hereditament, on each day during the relevant period.

(2) For the purposes of paragraph (1)(c) of this regulation, where a person has a qualifying connection with another person, they are to be treated as the same person.

(3) A person is to be treated as having a qualifying connection with another person—

- (a) where both persons are companies, and
  - (i) one is a subsidiary of the other, or
  - (ii) both are subsidiaries of the same company, or
- (b) where only one person is a company, the other person (“the second person”) has such an interest in that company as would, if the second person were a company, result in it being the holding company of the other.

(4) In this regulation—

- (a) “company” has the meaning given in section 1(1) of the Companies Act 2006<sup>(1)</sup>;
- (b) “holding company” and “subsidiary” have the meanings given in section 1159 of the Companies Act 2006;
- (c) “occupier” has the meaning given in section 65 of the Act;
- (d) “relevant period” means the period beginning with the day on which the qualifying improvement works were commenced and ending with the chargeable day.

### Meaning of qualifying improvement works

**4.—**(1) For the purposes of paragraph 3(2) of Schedule 4ZA and paragraph 3(3) of Schedule 5A to the Act, “qualifying improvement works”, in relation to a hereditament, means any works completed before 1 April 2028 which—

- (a) increase the area of the hereditament which is composed of a building,

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(1) 2006 c. 46.

- (b) otherwise improve the physical state of the hereditament,
- (c) add rateable plant and machinery to the hereditament, or
- (d) are associated with the works described in sub-paragraphs (a) to (c) above and which reduce the rateable value of the hereditament.

(2) Works falling within paragraph (1)(d) above are to be treated as the same set of qualifying improvement works as those with which they are associated.

(3) In this regulation—

- (a) references to “hereditament” include references to any relevant predecessor hereditament;
- (b) “rateable plant and machinery” means any plant and machinery assumed to be part of the hereditament in accordance with the Valuation for Rating (Plant and Machinery) (Wales) Regulations 2000<sup>(1)</sup>.

#### **Relevant certificate of qualifying improvement works**

5.—(1) Where the appropriate valuation officer is satisfied that—

- (a) qualifying improvement works have been completed in relation to a hereditament, and
- (b) the conditions in paragraphs (2) and (3) of this regulation are satisfied,

that officer must certify the amount of the change (if any) in the rateable value of the hereditament which appears to the officer to be attributable to qualifying improvement works.

(2) The first condition is that the qualifying improvement works are completed on or after 1 April 2024.

(3) The second condition is that the hereditament was shown in a list for each day during the period beginning with the day on which the qualifying improvement works commenced and ending on the day on which those works were completed.

(4) Where, as a result of qualifying improvement works a new hereditament is created, the appropriate valuation officer must issue a certificate under paragraph (1) of this regulation in relation to the new hereditament.

(5) Subject to paragraph (6) of this regulation, for the purposes of issuing a certificate in accordance with

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(1) S.I. 2000/1097 (W. 75), amended by S.I. 2001/2357 (W. 195), S.I. 2010/146 (W. 21) and S.I. 2023/1229 (W. 217).

paragraph (4) above, the appropriate valuation officer must assume that the new hereditament was in existence immediately prior to the commencement of the qualifying improvement works.

(6) In making the assumption mentioned in paragraph (5) above, the appropriate valuation officer must assume that, immediately prior to the commencement of the qualifying improvement works—

- (a) any new part of the new hereditament created as a result of those works did not exist, and
- (b) any improvements to the new hereditament as a result of those works had not occurred.

(7) Where it appears to the appropriate valuation officer that the change in the amount of the rateable value attributable to the qualifying improvement works is nil (or is a negative amount), a certificate may be issued under paragraph (1) above.

(8) Where the amount mentioned in paragraph (7) above is a negative amount, where a certificate is issued the amount must be certified as nil.

(9) Where more than one set of qualifying improvement works has been completed in relation to a hereditament, the amounts falling to be certified under paragraph (1) in relation to each set of qualifying improvement works may be shown in a single certificate.

(10) In this regulation—

- (a) except in paragraphs (4), (5) and (6), references to “hereditament” include references to any relevant predecessor hereditament, and
- (b) “new part” in relation to a new hereditament means any part of the new hereditament which did not form part of a relevant predecessor hereditament prior to the commencement of the qualifying improvement works, including any new building or an extension to an existing building.

### **Calculation of the amount of “G”**

**6.—**(1) The amount of “G” prescribed for the purposes of paragraph 10(7) of Schedule 4ZA and paragraph 6(6) of Schedule 5A to the Act in relation to each chargeable day within the qualifying period is the amount certified by the appropriate valuation officer under regulation 5(1).

(2) Where more than one set of qualifying improvement works has been completed in relation to a hereditament and where paragraph (3) of this regulation applies, “G” is the sum of the amounts certified in relation to each set of works.

(3) This paragraph applies where the chargeable day falls within the qualifying period in relation to each set of works.

### **Certificates: general**

7.—(1) The appropriate valuation officer must certify the amount of the change in rateable value which falls to be certified under regulations 5 and 7 as soon as practicable after the circumstances calling for the certification come to the appropriate valuation officer's attention (whether by virtue of an application by the ratepayer or otherwise).

(2) Where, whether by reason of a decision of the Valuation Tribunal for Wales<sup>(1)</sup> or otherwise, the appropriate valuation officer forms the opinion that a certificate under these Regulations is inaccurate, the appropriate valuation officer must certify the amount of rateable value which, in the appropriate valuation officer's opinion, should be substituted for that originally certified.

(3) A certificate under these Regulations has effect for each day beginning with the date that the circumstances which led to the certification (or amended certification) first arose, but ceases to have effect where paragraph (4) of this regulation applies (and see paragraphs (6) and (8) of this regulation).

(4) This paragraph applies where the hereditament to which the certificate relates is no longer shown in a list for any day during the qualifying period, in relation to that day and any subsequent chargeable day.

(5) Where, in the course of maintaining a list in relation to days falling within the qualifying period, the appropriate valuation officer forms the opinion that, as a result of a material change of circumstances, the amount of the change mentioned in regulation 5(1) is different from that certified under that paragraph, the officer must certify the different amount.

(6) A certification under paragraph (5) above has effect from the date on which the material change of circumstances has occurred but ceases to have effect where paragraph (4) above applies.

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(1) Established by the Valuation Tribunal for Wales Regulations 2010 (S.I. 2010/713 (W. 69)).

(7) Where, in the course of compiling a list<sup>(1)</sup> during the qualifying period, the appropriate valuation officer forms the opinion that the amount of the change mentioned in regulation 5(1) is different from that certified under that paragraph, the officer must certify the different amount.

(8) A certification under paragraph (7) above has effect from the date on which the list is compiled, but ceases to have effect when paragraph (4) applies.

(9) A certification under regulations 5 or 7 or a specification under paragraph (10)(d) below may be made as an amendment to an existing certificate.

(10) A certificate under these Regulations must specify the date on which—

- (a) the certificate (or an amendment to the certificate) takes effect in accordance with paragraph (3), (6) or (8);
- (b) the qualifying improvement works were completed;
- (c) the qualifying period ends or, where a certificate has been issued in accordance with regulation 5(9), that date in relation to each set of works;
- (d) the certificate ceases to have effect in accordance with paragraph (4) (where applicable).

(11) Where the appropriate valuation officer is satisfied that a certificate has been issued in error, the officer may withdraw the certificate.

(12) The appropriate valuation officer certifying the amount of rateable value or specifying a date in pursuance of these Regulations must—

- (a) notify the billing authority in whose area the hereditament is situated or, in so far as it relates to a liability under section 54 of the Act, the Welsh Ministers of the effect of the certificate;
- (b) provide a copy of the certificate (or amended certificate) to the ratepayer.

(13) The copy of a certificate provided to a ratepayer under paragraph (12)(b) may be—

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(1) Paragraph 2(3) of Schedule 6 to the Act provides that rateable value for the purposes of compiling a list is to be determined by reference to the day on which the list is compiled or such preceding day as may be specified by the Secretary of State by Order. Functions of the Secretary of State were, so far as exercisable in relation to Wales, transferred to the National Assembly for Wales by virtue of article 2(1) of the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672). Those functions are now exercisable by the Welsh Ministers by virtue of section 162 of, and paragraph 30 of Schedule 11 to, the Government of Wales Act 2006 (c. 32).



- (a) sent to—
  - (i) the ratepayer’s last known address,
  - (ii) the address of the hereditament,
  - (iii) the ratepayer by electronic communication, or
- (b) posted on an electronic portal.

(14) Where a certificate is provided in accordance with paragraph (13)(b) the appropriate valuation officer must notify the ratepayer by electronic communication that the copy of the certificate is posted on the electronic portal.

(15) Where a certificate is withdrawn under paragraph (11) the appropriate valuation officer must give notice of withdrawal of a certificate—

- (a) to the billing authority mentioned in paragraph (12)(a) or to the Welsh Ministers (as the case may be), and
- (b) to the ratepayer by providing the notice by one of the means mentioned in paragraph (13).

(16) The information contained in a certificate issued under these Regulations must be retained by the appropriate valuation officer who issued it for a period of six years beginning on the day after the date of issue.

(17) In this regulation—

“electronic communication” (*“cyfathrebiad electronig”*) has the meaning given by section 15(1) of the Electronic Communications Act 2000<sup>(1)</sup>;

“electronic portal” (*“porth electronig”*) means an online facility provided by the appropriate valuation officer for use in connection with the provision of certificates under these Regulations;

“material change of circumstances” (*“newid perthnasol mewn amgylchiadau”*), in relation to a hereditament, means a change in any of the matters mentioned in paragraph 2(7) of Schedule 6 to the Act<sup>(2)</sup>.

*Rebecca Evans*

Minister for Finance and Local Government, one of the Welsh Ministers  
11 December 2023

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(1) 2000 c. 7. Section 15(1) was amended by section 406(1) of, and paragraph 158 of Schedule 17 to, the Communications Act 2003 (c. 21).

(2) Paragraph 2(7) was amended by section 139 of, and paragraph 38 of Schedule 5 to the Local Government and Housing Act 1989 (c. 42), and section 14(1)(c) of the Non-Domestic Rating Act 2023 (c. 53).