

Draft Regulations laid before Senedd Cymru under section 143A(5)(h) and (i) of the Local Government Finance Act 1988, for approval by resolution of Senedd Cymru.

DRAFT WELSH STATUTORY
INSTRUMENTS

2025 No. (W.)

**RATING AND VALUATION,
WALES**

**The Non-Domestic Rating
(Withdrawal of Charitable Relief
for Independent Schools) (Wales)
Regulations 2025**

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Government Finance Act 1988 (“the 1988 Act”) in relation to Wales to withdraw non-domestic rating charitable relief from independent schools with charitable status, bringing them in line with independent schools which do not have charitable status.

Section 43 of the 1988 Act (occupied hereditaments: liability and reliefs) specifies the conditions that must be met for a ratepayer in occupation of a hereditament to be liable for a non-domestic rate. The ratepayer’s liability for a chargeable financial year is set by calculating the chargeable amount for each chargeable day under Schedule 4ZA to the 1988 Act (occupied hereditaments: chargeable amount).

Section 45 of the 1988 Act (unoccupied hereditaments: liability and reliefs) specifies the conditions that must be met for a ratepayer who owns an unoccupied hereditament to be liable for a non-domestic rate. The ratepayer’s liability for a chargeable financial year is set by calculating the chargeable amount for each chargeable day under Schedule 4ZB to the 1988 Act (unoccupied hereditaments: chargeable amount).

Paragraph 2(2) of Schedule 4ZA and paragraph 2(2) of Schedule 4ZB respectively set out the mandatory relief to be applied to payments of non-domestic rates

for occupied and unoccupied hereditaments where, on the day concerned, the ratepayer is a charity or trustees for a charity, and the other eligibility conditions are met.

Regulation 3 of these Regulations disapplies paragraph 2 of Schedule 4ZA to the 1988 Act for occupied hereditaments in Wales where the hereditament is wholly or mainly used for carrying on business as an independent school. Regulation 4 disapplies paragraph 2 of Schedule 4ZB to the 1988 Act for unoccupied hereditaments in Wales where it appears that, when it is next in use, the hereditament will be wholly or mainly used for carrying on business as an independent school.

Independent schools with charitable status which are wholly or mainly concerned with providing full-time education to persons for whom an individual development plan is being maintained will continue to be eligible for relief.

Regulations 3 and 4 also specify that the meaning of “independent school” set out in section 463 of the Education Act 1996 applies to paragraph 2 of Schedule 4ZA and paragraph 2 of Schedule 4ZB to the 1988 Act, and that “individual development plan” has the meaning given by section 10 of the Additional Learning Needs and Education Tribunal (Wales) Act 2018.

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 Non-Domestic Rates Policy and Reform Division, Welsh Government, Cathays Park, Cardiff, CF10 3NQ.

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**RATING AND VALUATION,
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**The Non-Domestic Rating
(Withdrawal of Charitable Relief
for Independent Schools) (Wales)
Regulations 2025**

Made

Coming into force

1 April 2025

The Welsh Ministers make these Regulations in exercise of the powers conferred on them by paragraph 8C of Schedule 4ZA and paragraph 2C of Schedule 4ZB to the Local Government Finance Act 1988(1).

In accordance with section 143A(5)(h) and (i)(2) of that Act, a draft of this instrument has been laid before and approved by resolution of Senedd Cymru.

Title and coming into force

1.—(1) The title of these Regulations is the Non-Domestic Rating (Withdrawal of Charitable Relief for Independent Schools) (Wales) Regulations 2025.

(1) 1988 c. 41. Schedule 4ZA was inserted into the Local Government Finance Act 1988 by section 1(3) of the Non-Domestic Rating Act 2023 (c. 53) and Schedule 4ZB was inserted into the Local Government Finance Act 1988 by section 2(4) of the Non-Domestic Rating Act 2023. Paragraph 8C was inserted into Schedule 4ZA by section 5(2)(a) of the Local Government Finance (Wales) Act 2024 (asc 6) and paragraph 2C was inserted into Schedule 4ZB by section 5(3)(a) of the Local Government Finance (Wales) Act 2024.

(2) Section 143A(5)(h) and (i) was inserted into the Local Government Finance Act 1988 by section 14 of the Local Government Finance (Wales) Act 2024.

(2) These Regulations come into force on 1 April 2025.

Amendments to the Local Government Finance Act 1988

2. The Local Government Finance Act 1988 is amended in accordance with regulations 3 and 4.

Amendments to Schedule 4ZA (occupied hereditaments: chargeable amount)

3. In Schedule 4ZA (occupied hereditaments: chargeable amount), after paragraph 2 (charitable rate relief)(1), insert—

“2A(1) Paragraph 2 does not apply where the hereditament is situated in Wales and, on the day concerned, the hereditament is wholly or mainly used for the purposes of carrying on business as an independent school that is not an independent school within sub-paragraph (2).

(2) An independent school is within this sub-paragraph if it is wholly or mainly concerned with providing full-time education to persons for whom an individual development plan is maintained.

(3) In this paragraph—

- (a) “independent school” has the meaning given by section 463 of the Education Act 1996(2), and
- (b) “individual development plan” has the meaning given by section 10 of the Additional Learning Needs and Education Tribunal (Wales) Act 2018.”

Amendments to Schedule 4ZB (unoccupied hereditaments: chargeable amount)

4. In Schedule 4ZB (unoccupied hereditaments: chargeable amount), in paragraph 2 (charitable rate relief)(3), after sub-paragraph (7) insert—

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- (1) Paragraph 2 of Schedule 4ZA is amended by section 11(2)(b) of the Local Government Finance (Wales) Act 2024 with effect from 1 April 2025 (see section 23(3)(a) of the Local Government Finance (Wales) Act 2024).
 - (2) 1996 c. 56. Section 463 was substituted by section 172 of the Education Act 2002 (c. 32) and amended by S.I. 2010/1158; paragraph 43 of Schedule 3 to the Children and Families Act 2014 (c. 6); S.I. 2016/413 (W. 131); and paragraph 4(20) of Schedule 1 to the Additional Learning Needs and Education Tribunal (Wales) Act 2018 (anaw 2).
 - (3) Paragraph 2(3) to (8) is inserted into Schedule 4ZB by section 6(3) of the Local Government Finance (Wales) Act 2024 with effect from 1 April 2025 (see section 23(3)(b) of the Local Government Finance (Wales) Act 2024).

“(7A) Sub-paragraph (3) does not apply where, on the day concerned, it appears that when next in use the hereditament will be wholly or mainly used for the purposes of carrying on business as an independent school that is not an independent school within sub-paragraph (7B).

(7B) An independent school is within this sub-paragraph if it is wholly or mainly concerned with providing full-time education to persons for whom an individual development plan is maintained.

(7C) In sub-paragraphs (7A) and (7B)—

- (a) “independent school” has the meaning given by section 463 of the Education Act 1996, and
- (b) “individual development plan” has the meaning given by section 10 of the Additional Learning Needs and Education Tribunal (Wales) Act 2018.”

Name

Cabinet Secretary for Finance and Welsh Language,
one of the Welsh Ministers

Date