

Proposals for Amendments to Rates Legislation – Presentation to the AILG

Killarney – 8 June 2017



**An Roinn Tithíochta, Pleanála,
Pobail agus Rialtais Áitiúil**
Department of Housing, Planning,
Community and Local Government



Rates and Local Authorities

- Key source of income for local authorities
- Almost €1.5bn billed in 2015
- 37% of revenue income nationally
- Range of 16% - 52% across the local authorities
- Other income sources -
 - Goods and services 32%
 - Grants and subsidies 22%
 - Other income (including LPT) 9%



Who pays rates?

- Occupiers of commercial property
- Relevant property is listed in Schedule 3 of the Valuation Acts 2001-2015
- Some exemptions listed in schedule 4
 - agricultural land
 - horticulture
 - farm buildings
 - schools, colleges
 - property occupied by a Government Department



Calculation of Rates Bill

Two variables determine the bill

- (A) – valuation determined by the Commissioner of Valuation; and
- (B) Annual Rate on Valuation (ARV) adopted by the local authority as part of the budgetary process

Rates Liability for property = $A \times B$



Background to Legislation

- Business Case for Stronger Enforcement Powers
- Need to modernize and consolidate rates legislation
- Local Authority Working Groups have prepared a number of reports



Objectives for Rates Bill

- Modernise and consolidate Rates legislation
- Enforcement powers for local authorities
- Valuation matters
- Provision to assist local authorities promote national and local policy objectives



Modernize Rates Legislation

- Basis for rates dates back to Poor Relief (Ireland) Act 1838
- Rates provisions in over 20 separate enactments
- Unnecessary and inefficient administrative obligations for local authorities
- Confusion around many of the provisions
- Legal challenges – effects on local authority income



Modernization - continued

- Single consolidated Rates Bill
- Repeal of majority of existing provisions
- Addressing areas to improve operation of legislation -
 - obligations on owners and occupiers to provide information to local authority
 - Remove of moieties
 - Simplification of charging provisions



Enforcement provisions

- Collection levels dropped in recent years
- Participation in DPER Debt Management Project Implementation Board
- Business case prepared by Sector and endorsed by Project Board
- Proposes new powers:
 - “Revenue Sheriff”
 - “Rates Compliance Certificate”
 - Attachment Orders
 - The application of interest on overdue payments



Use of Sheriffs

- Allows 'certificate' for unpaid debt to be sent directly to Sheriff for collection
- 16 independent sheriffs appointed under Court Officers Act 1945
- Sheriff will be required to move to collect debts immediately
- Sheriff has power to seize goods but most returns do not involve seizure



Rates Compliance Certificate

- Introduces new concept of ‘rates compliance certificate’
- Regulation making provision to prescribe licences that would require a rates compliance certificate before issue
- Specified licensing authorities would not be able to grant licence if ratepayer not compliant



Attachment Orders

- Allows local authority to attach where they identify a person who owes money to a non compliant ratepayer
- Powerful enforcement tool
- Judicious use important but can be effective where other measures have failed



Tax Clearance Certificate

- Incorporated into original business case
- Additional work required on how it would operate
- Local Authority Sector to explore further with Revenue Commissioners with a view to the Minister bringing future legislative proposals



Valuation matters

- Dependency on Valuation office
- Loss of income arising from time period between occupation and valuation- estimated to be costing a minimum of €25m per annum to the Sector
- Proposal for local authorities to levy preliminary valuations



Preliminary Valuations

- Mechanism for local authority to levy rate from commencement of occupation – pending valuation by Valuation Office
- Preliminary valuation to be based on valuation data provided by the Valuation Office and set out in Regulations
- Charge based on preliminary valuation would be adjusted once Valuation Office has completed valuation



Rates alleviation measures

- Provision to allow local authorities to introduce rates alleviation measures to support local and national policy objectives:
- Details likely to be prescribed in Regulations
- Areas include:
 - Rural development
 - Economic development
 - Planning objectives
 - Scope for further measures to be addressed



Vacancy Provision

- Tightening up provisions around vacancy refunds
- Proposed that future applications be prospective
- Introduction of maximum refund <100% to be determined by Minister
- Provision for EMs to set lower refund with additional income added to GMAs



Current Status

- Government approved drafting of Bill at meeting in April
- Examination by Office of Attorney General
- Pre-legislative scrutiny by the Joint Oireachtas Committee
- Drafting to be undertaken by the Office of the Parliamentary Counsel (OPC)

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