

Rates Modernisation Report

Cabinet Office

Introduction

Report is about Rates Modernisation

19 Components to proposed Rating System

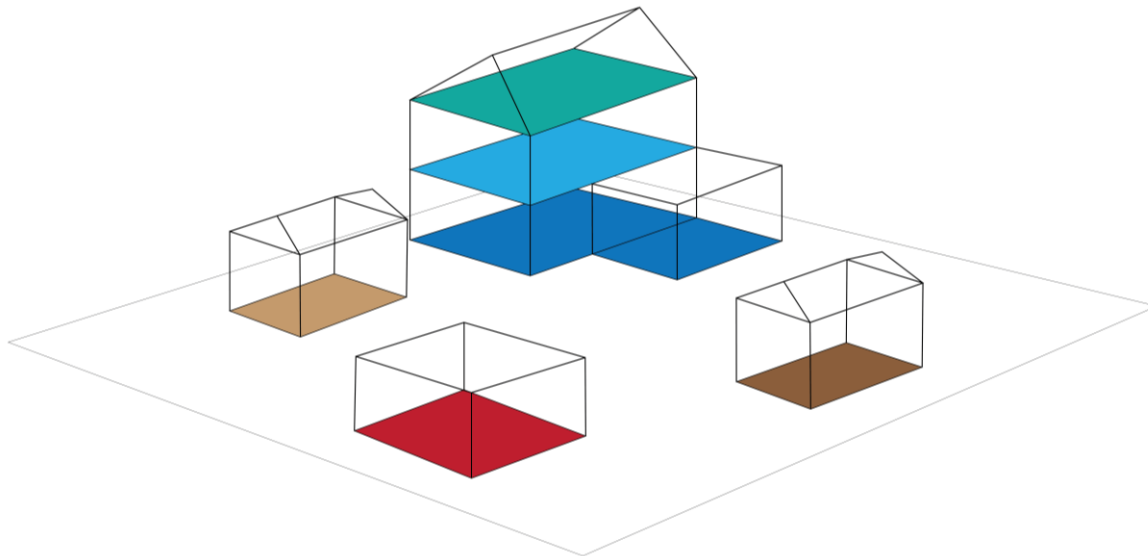
Proposed timescale for implementation

Possibly connected matters



Assessment

Proposed Method of Assessment: Valuing a property for the purposes of rating system be based upon the area method, using aerial photography to determine the external size of each property



OUR ISLAND: A SPECIAL PLACE TO LIVE AND WORK

How it would work

Rating Authority needs to raise £1m



Within that area, there is 1m square metres of rateable property



Rate per square metre is therefore £1 / square metre



Property assessed as being 90 square metres: $90 \times £1 = £90$



Overview

Appeals

Tolerance level of 5% cannot be appealed, but otherwise appeal process as current

Wall thickness

Investigate whether properties built before a certain time receive an area reduction of 10% to square metres

Converted flats

Investigate whether a reduction in square metres should be given to account for reduced useable area in converted flats vs purpose built

All Island Non-domestic rates

No all Island non-domestic rate

Agricultural Properties

Remain zero rated.



Overview

Discounts for economic sectors or areas

Option for discounts to be applied to certain sectors or areas of the Island

Discounts by rating authorities

Applied for brownfield site development

Dilapidated and ruinous

Incentives and penalties

Charities

Update definition and charities should be Manx registered and in good standing with AGC. Size and extent of discount to be considered



Overview

Transition periods

Any increase or decrease of more than 10% phased in over 5 years

Government and public bodies

Continue to pay rates

Rating of mines, quarries, casinos and pubs

The same basis as all other commercial properties

Prompt Payment discounts

Remain but late payment penalty introduced. Discount should also be applied to those paying by DD.



Overview

Sole occupancy discount Not offered

Ability to pay Not offered, Social Security already offer assistance where needed.

Elderly discount Not offered, Social Services already offer assistance where need via Income Support for Pensioners.



Proposed Timetable

Winter 19/20

- ❄️ Drafting of legislation and working groups to investigate key issues
- ❄️ Aerial photography of the Island
- ❄️ Begin tender process for software system



Proposed Timetable

Spring/Summer 2020

- ⚙️ Consult on draft legislation
- ☀️ Consider consultation responses, update legislation and introduce into the branches



Proposed Timetable

Summer/Winter 2020/21

- ☀️ Photography converted into measurement data
- 🌿 Visit any obscured or difficult to measure properties
- ❄️ Commission, build and test software system



Proposed Timetable

Spring 2021

- 🌸 Issue each property owner polygon of their property for confirmation of details
- 🌸 Investigate and settle any appeals from this process



Proposed Timetable

Spring 2022

- 🌀 Issue rates invoices under new area assessment method.



Connected Issues

1. Water and Sewerage
2. Community Charge
3. Local Income Tax



Water and Sewerage

Tynwald petition for redress - 2001

Working Group on Water Rates – Costs are largely related to capital

October 2018 – MUA Pricing Strategy



Community Charge

Mrs Thatcher's Poll Tax

Minister Teare Sewerage charge

Total LA Domestic Rates: £17m / 69,081
(over 16 population) = **£247 per person
charge**



Local Income Tax

1 pence increase = £9.9m. 1.7pence increase on both rates required, and how to address non-domestic rates.

Local Authority Transitions e.g. Onchan Village and Parish rate changes in 1980s

