

Explanatory Memorandum to the Non-Domestic Rating (Demand Notices) (Wales) (Amendment) Regulations 2026

This Explanatory Memorandum has been prepared by Non-Domestic Rates Policy and Reform Division and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of Non-Domestic Rating (Demand Notices) (Wales) (Amendment) Regulations 2026.

Mark Drakeford MS
Cabinet Secretary for Finance and Welsh Language
8 January 2026

Description

1. Billing authorities are required to serve demand notices (rates bills) on ratepayers for properties in their area which are liable for non-domestic rates. The Non-Domestic Rating (Demand Notices) (Wales) Regulations 2017 (“the 2017 Regulations”) provide for the contents of demand notices. Schedule 2 to the 2017 Regulations sets out the prescribed set of words for explanatory information (“the explanatory information”) which must be provided to ratepayers alongside a demand notice. The Non-Domestic Rating (Demand Notices) (Wales) (Amendment) Regulations 2026 (“the 2026 Regulations”) make administrative amendments to the explanatory information, to ensure it accurately reflects the arrangements which will be in place from 1 April 2026.

Matters of special interest to the Legislation, Justice and Constitution Committee

2. None.

Legislative background

3. The 2026 Regulations are made under paragraphs 1 and 2(2)(h) of Schedule 9 to the Local Government Finance Act 1988 (“the 1988 Act”). These powers were transferred, in relation to Wales, from the Secretary of State to the National Assembly by the National Assembly for Wales (Transfer of Functions) Order 1999. The functions of the National Assembly for Wales were subsequently transferred to the Welsh Ministers by virtue of section 162 of, and paragraph 30 of Schedule 11 to, the Government of Wales Act 2006.
4. The 2026 Regulations are subject to the Senedd annulment procedure in accordance with section 143A(4) of the 1988 Act.

Purpose and intended effect of the legislation

5. The explanatory information which accompanies demand notices is reviewed on a regular basis, to ensure it remains accurate. Some administrative changes are required to Schedule 2 of the 2017 Regulations to ensure that the explanatory information accompanying demand notices correctly reflects the arrangements that will be in place from 1 April 2026.
6. The current rating list was compiled on 1 April 2023, based on an antecedent valuation date (AVD) of 1 April 2021. The next rating list will be compiled on 1 April 2026, following revaluation based on an AVD of 1 April 2024. The explanatory information currently includes specific references that are relevant only to the 2023 rating list. The 2026 Regulations update these references so that they are relevant to the 2026 rating list within the subheadings “Rateable value” and “Revaluation”.
7. Non-domestic rates revaluations were previously undertaken every five years by default. Following the Local Government Finance (Wales) Act 2024, revaluations are now undertaken every three years. The 2026 Regulations

update the reference to the frequency of revaluations within the subheading “Rateable value”.

8. A single multiplier currently applies to all non-domestic properties in Wales. Following the Non-Domestic Rating (Description of Differential Multipliers) (Wales) Regulations 2025, differential multipliers will be introduced from 1 April 2026. The 2026 Regulations update the information within the subheading “Non-domestic rating multiplier” accordingly.
9. As a result of the 2023 revaluation, the Non-Domestic Rating (Chargeable Amounts) (Wales) Regulations 2022 made provision for transitional relief for businesses adversely impacted by resulting changes in the rateable value of their hereditaments. These arrangements for transitional relief do not apply to the 2026 rating list. The Non-Domestic Rating (Chargeable Amounts) (Wales) Regulations 2025 provide for transitional relief in respect of the 2026 rating list. The 2026 Regulations update the reference within the subheading “Transitional rate relief” accordingly.
10. The 2026 Regulations will apply to demand notices issued by or on behalf of billing authorities in Wales with respect to financial years beginning on or after 1 April 2026.

Consultation

11. No consultation has been undertaken in respect of the 2026 Regulations. They are only of interest to billing authorities and have no effect on ratepayers, other than to ensure they are provided with the correct information with their rates bills. Billing authorities will be informed of the 2026 Regulations and their effect.

Regulatory Impact Assessment (RIA)

12. An RIA has not been prepared for the 2026 Regulations as they make factual amendments to the 2017 Regulations which preserve the existing policy position and, in doing so, do not alter the impact of the policy in any significant way. This is in line with paragraph 3.2 of the policy set out in the Welsh Ministers’ regulatory impact assessment code for subordinate legislation.