**Oifig an Runaí Aire**

Office of the Minister of State

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Ms Tara Buckley

Director General

RGDATA

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# **Ref: HPLG-MoSB-01011-2022**

I have been asked by the Minister for Local Government and Planning to reply to your recent correspondence to An Tánaiste, Mr. Leo Varadkar, T.D., in relation to energy costs and SMEs.  Your correspondence was forwarded to this office for direct reply to you in relation to point 9 of the letter as it concerns commercial rates.

Local authorities are under a statutory obligation to levy rates on any property used for commercial purposes in accordance with the details entered in the valuation lists prepared by the independent Commissioner of Valuation under the Valuation Acts 2001 to 2015.  The levying and collection of rates are matters for each individual local authority.

Under the provisions of the Local Government (Rates) Act 1970, a rating authority may make and carry out a scheme, providing for the waiver by the authority of all or a portion of commercial rates due by ratepayers in respect of a specified class or classes of property.  The making of such a scheme is subject to the consent of the Minister for Housing, Local Government and Heritage.  No rate waiver schemes have been consented to in respect of commercial property.

Some local authorities have introduced locally designed business incentive schemes to support SME ratepayers.  Such schemes rely upon Part 9 of the Local Government Act 2001 which provides that the functions of local authorities include providing grants, loans guarantees or other financial aid to promote the interests of the local community, including economic interests.  Unlike rates waiver schemes, no Ministerial sanction is required for the setting up of these schemes.

The Local Government Rates and Other Matters Act 2019 contains provision to enable a local authority to introduce rates waiver schemes to support the implementation of policy objectives, including: local economic and community plans; objectives contained in Development Plans and Local Area Plans; and national planning policies.  The making of a scheme for the waiver of rates is to be a reserved function of a local authority.  The parameters for rates waiver schemes will be addressed in Regulations to be made by the Minister.  Such parameters may include the specification of the maximum percentage of rates that may be waived by a local authority and the period in relation to which a scheme may be made.

The new provision, when commenced, will mean that elected members and local authorities can support specific objectives to promote community, social and economic development, urban planning or rural regeneration.  It is the intention that such schemes can be made for specific local electoral areas or municipal districts, empowering local representatives to effect change at the most granular level locally.  The power to make alleviation schemes will be another tool available to local authorities to encourage economic development and respond to local needs as well as supporting national policies.

It had been intended that the bulk of the provisions in the Local Government Rates and Other Matters Act 2019 would be operational for the 2021 local authority budget cycle, in November 2020.  However, preparations have been delayed due to the impact of the COVID crisis and work on the government funded rates waivers.  It is intended to advance this work in 2023.

In order to support businesses and ratepayers, and in recognition of the impacts of COVID-19, the Government funded the cost of commercial rates waivers in recent years.  These waivers applied for significant portions of 2020, 2021 and into 2022.  These were unprecedented measures, which offered support to businesses and financial certainty to local authorities.

Government has the challenge of balancing competing demands for finite resources.  There are no current plans to introduce further rates subvention from central Government.

Yours sincerely,

**Conor Madden**

**Private Secretary to Minister of State**