

SCHEDULES

SCHEDULE 12

BASIS OF VALUATION

PART I

GENERAL RULE

1. Subject to the provisions of this Schedule, for the purposes of this Order the net annual value of a hereditament shall be the rent for which, one year with another, the hereditament might, in its actual state, be reasonably expected to let from year to year, the probable average annual cost of repairs, insurance and other expenses (if any) necessary to maintain the hereditament in its actual state, and all rates, taxes or public charges (if any), being paid by the tenant.

2.—(1) Subject to sub-paragraph (2), in estimating the net annual value of a hereditament for the purposes of any revision of [^{F1}a valuation list], regard shall be had to the net annual values in [^{F2}that list] of comparable hereditaments which are in the same state and circumstances as the hereditament whose net annual value is being revised.

(2) Sub-paragraph (1) shall not apply to any hereditament for whose valuation special provision is made by or under Part IV or any of the succeeding Parts of this Schedule, or to any hereditament whose net annual value falls to be ascertained by reference to the profits of the undertaking or business carried on therein.

F1 Words in Sch. 12 Pt. I para. 2(1) substituted (1.4.2007) by Rates (Amendment) (Northern Ireland) Order 2006 (S.I. 2006/2954 (N.I. 18)), arts. 1(3), 39, Sch. 2 para. 48(2)(a)(i); S.R. 2006/464, art. 2(4)

F2 Words in Sch. 12 Pt. I para. 2(1) substituted (1.4.2007) by Rates (Amendment) (Northern Ireland) Order 2006 (S.I. 2006/2954 (N.I. 18)), arts. 1(3), 39, Sch. 2 para. 48(2)(a)(ii); S.R. 2006/464, art. 2(4)

3. ^{F3}

F3 Sch. 12 Pt. I para. 3 repealed (1.4.2007) by Rates (Amendment) (Northern Ireland) Order 2006 (S.I. 2006/2954 (N.I. 18)), arts. 1(3), 39, 41, Sch. 2 para. 48(2)(b), Sch. 3; S.R. 2006/464, art. 2(4)

[^{F4}3A.—(1) In estimating the net annual value [^{F5}or capital value] of a relevant hereditament during a deemed completion period, the actual state of the hereditament shall be taken to be a state of reasonable repair excluding any repairs which a reasonable landlord would consider uneconomic.

(2) In this paragraph—

“building” has the same meaning as in Article 25B;

“deemed completion period” means the period—

- (a) beginning with the day on which the building is deemed to be completed by virtue of paragraph (2) of that Article; and
- (b) ending on the day on which the building becomes capable of rateable occupation;

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“relevant hereditament” means a hereditament which comprises a building which is deemed to be completed by virtue of that paragraph.]

- F4** 2004 NI 4
F5 Words in Sch. 12 Pt. I para. 3A(1) inserted (1.10.2011) by Rates (Amendment) Act (Northern Ireland) 2009 (c. 8), ss. 17, 19(1), **Sch. 1 para. 10**; S.R. 2011/16, **art. 2(2)**, Sch. 2

4. Where the net annual value of a hereditament is fixed, wholly or partly, having regard to ^{F6}...the quantity of minerals or other substances extracted from [^{F7}the hereditament], the ^{F8}... quantity to be taken into account for the purposes of a valuation shall be the probable ^{F8}...

- F6** Words in Sch. 12 Pt. I para. 4 omitted (1.4.2012) by virtue of Rates (Amendment) Act (Northern Ireland) 2012 (c. 1), ss. **5(2)**, 7(2) (with s. 5(5))
F7 Words in Sch. 12 Pt. I para. 4 substituted (1.4.2012) by Rates (Amendment) Act (Northern Ireland) 2012 (c. 1), ss. **5(3)**, 7(2) (with s. 5(5))
F8 Words in Sch. 12 Pt. I para. 4 omitted (1.4.2012) by virtue of Rates (Amendment) Act (Northern Ireland) 2012 (c. 1), ss. **5(4)**, 7(2) (with s. 5(5))

[^{F9}5. Regulations may provide that in applying paragraphs 1 to 4 in relation to a hereditament of a prescribed description, prescribed assumptions (as to the hereditament or otherwise) are to be made.]

- F9** 1996 NI 25

6. Regulations may—

- (a) provide that in arriving at a net annual value under paragraph 1 prescribed principles are to be applied; and
 (b) make provision for the preservation of such principles, privileges and provisions for the making of valuations on exceptional principles as apply for the purposes of this Order.

[^{F10}Capital value – general rule

- F10** Sch. 12 paras. 7-16 and preceding cross-headings for paras. 7, 8-15, 16 inserted (1.12.2006) by Rates (Amendment) (Northern Ireland) Order 2006 (S.I. 2006/2954 (N.I. 18)), arts. 1(3), **8(2)**; S.R. 2006/464, **art. 2(2)**, Sch. 2 (with transitional provisions in S.R. 2006/468, art. 3(1), **Sch.**)

7.—(1) Subject to the provisions of this Schedule, for the purposes of this Order the capital value of a hereditament shall be the amount which, on the assumptions mentioned in paragraphs 9 to 15, the hereditament might reasonably have been expected to realise if it had been sold on the open market by a willing seller on the relevant capital valuation date.

(2) In estimating the capital value of a hereditament for the purposes of any revision of a valuation list, regard shall be had to the capital values in that valuation list of comparable hereditaments in the same state and circumstances as the hereditament whose capital value is being revised.

(3) The assumptions mentioned in paragraphs 9 to 15 shall apply for the purposes of determining whether one hereditament is a comparable hereditament in the same state and circumstances as another with the omission of sub-paragraphs (2) and (3) of paragraph 12.

(4) In sub-paragraph (1) “relevant capital valuation date” means 1st January 2005 or such date as the Department may substitute by order made subject to negative resolution for the purposes of a new capital value list.

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Capital value – the assumptions

8. In this paragraph and paragraphs 9 to 15—

“development” has the meaning given by ^{F11}section 250(1) of the Planning Act];

“flat”, in relation to a building, means a dwelling which is a separate set of premises, whether or not on the same floor, divided horizontally from some other part of the building;

“incumbrance” means any incumbrance, whether capable of being removed by the seller or not, except service charges;

“permitted development” means development for which planning permission is not required or for which no application for planning permission is required;

^{F12}“Planning Act” means the Planning Act (Northern Ireland) 2011;]

“planning permission” has the meaning given by ^{F13}section 250(1) of the Planning Act];

“rentcharge” has the meaning given by section 27(1) of the Ground Rents Act (Northern Ireland) 2001 (c. 5).

- F11** Words in Sch. 12 Pt. 1 para. 8 substituted (13.2.2015 for specified purposes, 1.4.2015 in so far as not already in operation) by [Planning Act \(Northern Ireland\) 2011 \(c. 25\), s. 254\(1\)\(2\), Sch. 6 para. 14\(a\)](#) (with s. 211); S.R. 2015/49, art. 2, [Sch. 1](#) (with [Sch. 2](#) (as amended (16.3.2016) by S.R. 2016/159, art. 2))
- F12** Words in Sch. 12 Pt. 1 para. 8 substituted (13.2.2015 for specified purposes, 1.4.2015 in so far as not already in operation) by [Planning Act \(Northern Ireland\) 2011 \(c. 25\), s. 254\(1\)\(2\), Sch. 6 para. 14\(b\)](#) (with s. 211); S.R. 2015/49, art. 2, [Sch. 1](#) (with [Sch. 2](#) (as amended (16.3.2016) by S.R. 2016/159, art. 2))
- F13** Words in Sch. 12 Pt. 1 para. 8 substituted (13.2.2015 for specified purposes, 1.4.2015 in so far as not already in operation) by [Planning Act \(Northern Ireland\) 2011 \(c. 25\), s. 254\(1\)\(2\), Sch. 6 para. 14\(c\)](#) (with s. 211); S.R. 2015/49, art. 2, [Sch. 1](#) (with [Sch. 2](#) (as amended (16.3.2016) by S.R. 2016/159, art. 2))

9. The sale is with vacant possession.

10. The estate sold is the fee simple absolute or, in the case of a flat, a lease for 99 years at a nominal rent.

11. The hereditament is sold free from any rentcharge or other incumbrance.

12.—(1) The hereditament is in an average state of internal repair and fit out, having regard to the age and character of the hereditament and its locality.

(2) The hereditament is otherwise in the state and circumstances in which it might reasonably be expected to be on the relevant date.

(3) In sub-paragraph (2) “relevant date” means 1st April 2007 or such date as the Department may substitute by order made subject to negative resolution for the purposes of a new capital value list.

^{F14}(4) Regulations may provide that the state of any property comprised or included in the hereditament shall be assumed not to have changed—

(a) since before any event of a prescribed description, or

(b) by reason of any act done by or on behalf of a prescribed person.

(5) The regulations may make provision as to the circumstances and the period in relation to which that is deemed to be the case.

(6) The regulations may provide for the making of such assumptions or apportionments as may be prescribed in determining whether, or to what extent, the state of any property has changed in comparison with an earlier point in time.

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- (7) The regulations may—
- (a) provide that an act is to be treated as done on behalf of a prescribed person if it is done by any person connected with that person, and
 - (b) define in what circumstances persons are to be treated for that purpose as connected.
- (8) The regulations may provide that they have effect (with any necessary adaptations) in relation to omissions as well as to acts.
- (9) The regulations may provide that sub-paragraph (2) shall have effect subject to any provision of the regulations.]

F14 Sch. 12 Pt. I para. 12(4)-(9) added (10.2.2011) by [Rates \(Amendment\) Act \(Northern Ireland\) 2009 \(c. 8\), ss. 7\(1\), 19\(1\); S.R. 2011/16, art. 2\(1\), Sch. 1](#)

13. The hereditament has no development value other than value attributable to permitted development.

14.—(1) A hereditament falling (or deemed to fall) within any sub-paragraph of Article 39(1A) will always fall within that sub-paragraph.

(2) A hereditament falling (or deemed to fall) within paragraph (1B) of Article 39 will always fall within that paragraph.

15.—(1) There has been no relevant contravention of—

- (a) any statutory provision; or
- (b) any requirement or obligation, whether arising under a statutory provision, an agreement or otherwise.

(2) In sub-paragraph (1) “relevant contravention” means a contravention which would affect the capital value of the hereditament.

Hereditaments used partly for the purposes of a private dwelling

16.—(1) This paragraph applies where a hereditament is required to be valued upon an estimate both of its net annual value and of its capital value.

(2) Where this paragraph applies—

- (a) the net annual value of the hereditament shall be that portion of the rent mentioned in paragraph 1 which can reasonably be regarded as attributable to the use of the hereditament other than for the purposes of a private dwelling;
- (b) the capital value of the hereditament shall be that portion of the amount mentioned in paragraph 7 which can reasonably be regarded as attributable to the use of the hereditament for the purposes of a private dwelling.]

Changes to legislation:

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Changes and effects yet to be applied to the whole Order associated Parts and Chapters:

Whole provisions yet to be inserted into this Order (including any effects on those provisions):

- [art. 7\(6\)\(7\)](#) added by [S.I. 2006/2954 \(N.I.\) art. 4](#)