



Ministry of Housing,
Communities &
Local Government

Factsheet - Non-Domestic Rating (Nursery Grounds) Bill



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May 2018

ISBN: 978-1-4098-5250-6

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Why are plant nurseries not exempt from business rates?

A plant nursery is a property where small plants or trees are propagated or sown in their initial stages of growth with a view to selling them to someone else for rearing onto their mature state. For example a plant nursery may be growing plants from seed into plugs but no further.

This is in contrast to garden centres, where plants are displayed and sold to the public. Garden centres are rateable and will continue to pay business rates under the Bill (including garden centres which happen to be called nurseries).

It has been the practice of the Valuation Office Agency for land and buildings at plant nurseries to be exempt from business rates. However, in 2015 the Court of Appeal (in *Tunnel Tech* [2015] EWCA Civ 718) found a gap in the legislation. They found that buildings at plant nurseries (including poly-tunnels), which are not used in connection with agricultural land, are rateable. As a result, plant nurseries may fall outside of the agricultural exemption and be liable for business rates.

What is the policy hoping to achieve?

Both land and buildings at plant nurseries have historically been treated by the Valuation Office Agency (VOA) as exempt from business rates. The Government's policy is to restore that practice.

Why is legislation needed?

The agricultural exemption for business rates is in primary legislation. It is in Schedule 5 to the Local Government Finance Act 1988. To provide a legal basis for the policy and allow the Valuation Office Agency to return to its previous long-standing policy, it is necessary to amend this Schedule.

How do we see this working in practice?

Amending the legislation will enable the Valuation Office Agency to continue to treat land and buildings at plant nurseries as exempt from business rates, and return the law to align with previous practice.

Will the amendment have retrospective effect?

Yes. The Government understands that since the Court of Appeal decision in 2015 a few plant nurseries in England have been assessed for business rates for the first time with effect from 1 April 2015. The change to the legislation will therefore have effect from 1 April 2015 in relation to England.

How much will the exemption cost? Will you compensate local government for the lost rates income?

Prior to the Court of Appeal decision buildings at plant nurseries were considered to be exempt from business rates. The revenue from the few cases of plant nurseries being assessed for business rates since the court decision is therefore an unexpected windfall. The Bill will return this windfall to ratepayers and no compensation will be payable to local government.

May 2018