

Business Rates – forthcoming changes and FSB involvement.

Following the meeting of the Local Rating Valuation Forum in Taunton, this summarizes the current and future situation.

1. Revaluation – business premises are currently being revalued for the purposes of Business Rates charging from 2010. This is done every 5 years. The new valuations will come into effect from 1st April 2010. Summaries of these new valuations will be sent to ratepayers in October 2009. You can then contact the Valuation Office with any queries about the new valuations.
2. The revaluation is based on rental values payable at 1st April 2008. Legislation requires revaluation every 5 years. The timing is unfortunate as the effects of the current recession have been felt since this date. Effect of recession in local markets will have to be dealt with where possible in a different way, though the scope for this is very restricted within rating law – see below.
3. Some members will have been getting ‘transitional relief’ and will have noticed that this has finished from 1st April 2009 and in bills now being received. Every time business premises are revalued, the rateable value for some increases and for others it goes down, reflecting relative changes in rental values in the market. Transitional relief (TR) is a way of ‘smoothing out’ these changes. However transitional relief adjustments have stopped for 2009/2010 rates bills, as otherwise it would have caused difficulty to the new transitional relief scheme for the 2010 rateable value and rates payable from 1st April 2010.
4. ‘Material change’ – if you think the situation of your business premises has undergone a ‘material change’ since the last valuation (April 2005 for the current Rating List), you can appeal against the valuation. However rating law is quite precise and there must be a change in physical circumstances affecting your property, and general effects of recession cannot be taken into account. This is a difficult area as any effect on turnover would need to be apportioned to take out general economic affect. When the smoking ban came in, many pubs and clubs appealed on the grounds that the ban was a material change. The VOA (Valuation Office Agency) initially turned down the appeals on the grounds that the smoking ban was not a ‘material change’. They then took counsel’s opinion and were told it was a ‘material change’ and they have subsequently allowed many appeals. So pubs whose trade has genuinely been affected by the smoking ban should now make a rating Proposal/appeal and discuss this with the Valuation Office Agency.
5. If you appeal your rateable value, you will be required to produce evidence as to how the ‘material change’ has impacted on your business – the monthly takings over the period before and after are the kind of evidence typically required, comparing also with the previous year.
6. ‘Material change’ (MC) might include the temporary closure of a road for roadworks (if they go on for long enough and affect your takings), or its permanent conversion to one way. It might include the closure of a large store like Woollies which acted as a magnet for the locality in terms of footfall, or large numbers of shops in a town centre, for example if they remain empty for a prolonged period. Again the effect on turnover would need to be considered, but taking out general economic affect. It is the change in rental value (or turnover) which directly results from the MC in physical circumstances of the property only, that can be considered for the rateable value here.
7. Any reduction in rates for an MC, whether temporary or permanent will start no earlier than the date the appeal was lodged. So if the MC is temporary like a road closure or roadworks, the sooner you lodge an appeal the better.
8. You do not have to have professional help to lodge an appeal. Check out the VOA website at <http://www.voa.gov.uk/>
9. If after looking at the site and the rateable values of other local premises, you think your property was overvalued in 2005, you can still appeal. But do be aware that rateable values can go up as well as down.
10. Rates, revaluations and appeals have in the past been fertile ground for scamsters. Members of professional bodies like the Royal Institution of Chartered Surveyors (RICS) will base their fees on the

savings generated and do not ask for money up front. All the scamsters ask for money in advance for some reason or another, promising refunds if not successful. Needless to say, nobody ever gets any money back. The RICS can provide a list of reputable rating surveyors operating in your area should you wish to employ someone to act for you in respect of rating matters.

The above is for information purposes only.

Members are strongly recommended to do their own checking.

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Amended 5th March following discussions with the Valuation Office.