

BUSINESS RATES from 1st April 2017

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As many businesses will be aware, the Valuation Office have undertaken a revaluation of all business premises. The new Valuation List will become operational as from 1st April 2017. The draft Valuation List was first published on the 1st October 2016 and most businesses will have been sent notification of their new Rateable Value.

Many businesses have seen their Rateable Values unaffected. Most market town retailers are unlikely to have seen an increase, although some industrial occupiers will be affected. The new Rateable Value is meant to represent the market rental value of each individual property as at the 1st April 2015. If you are considering appealing against your new Rateable Value, and you are currently a tenant, you are strongly advised to establish what rent you were paying two years ago in April 2015, before undertaking a formal appeal, which may result in an increase in your Rateable Value.

The most significant development for most readers of *Punchline* will be the increase in the threshold for 100% rates relief from £6,000 Rateable Value to £12,000 Rateable Value. If your business operates from a single property and your Rateable Value is less than £12,000 you will therefore pay no rates. If you occupy a property with a Rateable Value between £12,000 and £15,000 there is tapered relief, and this will make a significant difference. For example a local retailer operating a shop in Bourton-on-the-Water, having a Rateable Value of £13,250, will pay just £2,580 a year from the 1st April 2017 as opposed to £6,400 pa in the last financial year.

It has been brought to my attention that a number of companies have resurfaced offering their expertise to businesses, many promising the impossible. In the last three months I have heard of a number of companies who have told businesses that they are still able to obtain reductions in their rateable value going back to April 2010. This is incorrect.

More significantly, these advisors are asking businesses to sign documents, and in some cases pay up-front fees, on the basis that they will be able to obtain a reduction in their rateable value under the list that will operate from 1st April. Some town centre shops may see a reduction in their rateable value as a result of the decline in town centre rents, and therefore some reductions in rates payable are expected to come automatically. Businesses in some cases are being asked to give away up to 30% of the reduction in rates payable for the life time of the new Valuation List; a planned five year period. I have seen the terms of one standard contract which states the fees are based on 25% of the reduction of the Rateable Value (not rates payable) for one year in each valuation period covered by the 2010, 2017 and 2022 Valuation Lists! Another standard contract states that the fee is based on 20% of the reduction in the rates payable, however this is brought about; so this will mean that when the threshold for 100% rates relief increases in April, the rate payer if they have signed this Contract of Engagement will be obliged to pay a fee based on a gain that was automatically coming their way.

If you are approached in the next few months please consider seeking a second opinion. Your local council will give you assistance; they would much prefer to deal with local businesses than nationally based "rating advisors" working solely for commission.