

BUSINESS RATES
02/12/2024



BUSINESS RATES CV

CV



PETER MARSHALL PARTNER

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PROFESSIONAL AFFILIATIONS

MEMBER OF ROYAL INSTITUTION OF CHARTERED SURVEYORS
HOLDS RICS DIPLOMA IN RATING
MEMBER OF RATING SURVEYORS' ASSOCIATION.

PROFESSIONAL EXPERTISE

Peter joined Turner Morum in late 2019 with responsibility for business rates matters concerning commercial properties through the UK and Ireland. He deals with a variety of property classes but currently has a particular focus on retail, leisure and hospitality property types.

He has experience of inspecting and valuing properties more specialist in nature using the Receipts & Expenditure (R&E) and Contractor methods of valuation.

Over the past 15 years peter has valued a wide range of property classes for rating purposes. This includes valuations for landmark corporate headquarter buildings and major distribution centres. He has also valued properties more specialist in nature notably hotels, public houses, garden centres, car showrooms and data centres.

He has previously been the Account Manager for builders merchants rates instructions which encompassed over 1,500 rates assessments. He currently manages a number of large retail portfolio instructions with sites across the UK and Ireland.

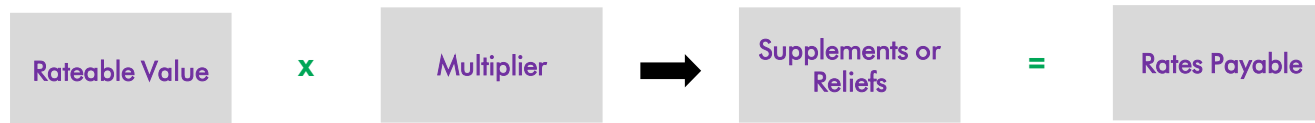
Alongside the traditional appeal work Peter has saved clients significant monies through alternative workstreams including relief applications for partially occupied premises and challenging Completion Notices. Most recently Peter has assisted clients in the retail, leisure and hospitality sectors in obtaining grant monies through the local restriction support schemes.

He advises clients on rates budgets and anticipated refunds. Peter also prepares responses to Government consultation papers on behalf of clients. This includes the fundamental review of business rates.

BUSINESS RATES BACKGROUND

BACKGROUND

Rateable Value and Liability



Rateable Value

Rental value of the property as at fixed date (Antecedent Valuation Date)

Multiplier

Typically 40-50 pence in £

Annual increase limited to CPI between Revaluations

2020/21	0.499p	(0.512p)
2021/22	0.499p	(0.512p)
2022/23	0.499p	(0.512p)
2023/24	0.499p	(0.512p)
2024/25	0.499p	(0.546p)

Large = £51,000 RV or greater

Wales

Multiplier

2020/21	0.535p
2021/22	0.535p
2022/23	0.535p
2023/24	0.535p
2024/25	0.562p

Supplements

City of London (£0.014p), Crossrail (£0.02p)*

*More than £70,000 RV

Reliefs / Exemptions

Retail
Charitable 80-100%
Mandatory void
Discretionary void
Transition
Agricultural

Scotland

Multiplier

Year	Small	Medium	Large
2020/21	0.490	0.503	0.516
2021/22	0.490	0.503	0.516
2022/23	0.498	0.511	0.524
2023/24	0.498	0.511	0.524
2024/25	0.498	0.545	0.559

Medium = £51,001 - £100,000 RV
Large = Over £100,000 RV

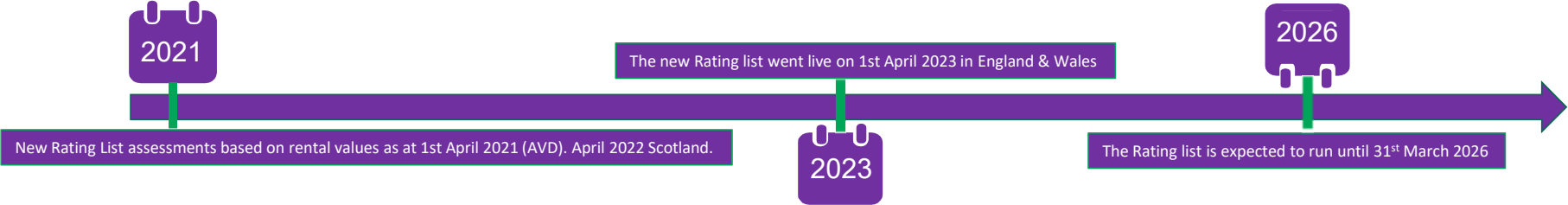
BACKGROUND

Rating Lists

2017



2023



BACKGROUND

Methods of Valuation

Comparable

- Used for bulk class properties such as offices, shops, warehouses & garden centres
- Based on rental evidence around AVD
- Analysed as a rate per sq. m.

Receipts

- Used for trading properties such as theatres, pubs, hotels, cinemas
- Based on receipts and expenditure at the AVD
- Arrive at divisible balance and split between landlord and tenant
- Calculated in different ways either looking at % of tenants capital, % of gross receipts, spot figure, % divisible balance and Fair Maintainable Trade.

Contractors

- Used for properties where there is no rental evidence and no receipts to consider
- Typically includes local authority premises (schools, libraries, sports centres), hospitals and large industrial properties
- Based on cost to rebuild the property at the AVD taking into account age & obsolescence and the land cost. Then decapitalising.

APPEALS

2023 Rating List – Appeal Process

CHECK	<ul style="list-style-type: none"> • Commence at any time • Declaration facts are correct or missing • Fine for error or non-compliance 	12 months max
4 month time limit to lodge challenge		
CHALLENGE	<ul style="list-style-type: none"> • Comprehensive proposal – no opportunity to introduce new evidence • Exchange of evidence • Negotiation • VOA notice of decision 	18 months max
4 month time limit to submit appeal		
APPEAL	<ul style="list-style-type: none"> • Appeal pack submitted • Matter considered by Valuation Tribunal • Fee of £150 or £300 – refunded if successful* • Partial refund if case dealt with on the papers <p>*No charge in Wales</p>	Timetable in control of tribunal Potential 3+ years

Scotland – Proposal submitted to Assessor. Proposal Determination Date set. Discuss case with Assessor. Decision issued.

Appeal within 28 days to First-Tier Tribunal Scotland

BUSINESS RATES RELIEFS

RELIEFS

Retail Discount - Retail Hospitality & Leisure

21/22

01.04.2021. – 30.06.2021. = 100% relief

01.07.2021. – 31.03.2022. = 66% relief (capped at either £2m if mandated to close and £105K if not)

Wales = 100% for full year

Scotland = 100% full year

22/23

01.04.2022. – 31.03.2023. = 50% relief capped at £110,000

Scotland = 50% between 01.04.22. and 30.06.22. capped at £27,500 per business

23/24

01.04.2023. – 31.03.2024. = 75% relief capped at £110,000

Scotland = No Relief

24/25

01.04.2024. – 31.03.2025. = 75% relief capped at £110,000

Wales = 40% relief capped at £110,000

Scotland = No Relief

*Caps are cumulative across portfolio

RELIEFS

Small Business Rates

Rateable Value	Relief	Comments
Under £12,000	100%	
Between £12,001 and £14,999	Tapered	100% minus 1% for every £240 of RV above £12,000
Between £15,000 and £50,999	Small Business Multiplier	

Example -If your rateable value is £13,500, you'll get 50% off your bill

Multiple Properties:

Existing relief remains on your main property for 12 months or for longer if:

- none of your other properties have a rateable value above £2,899
- the total rateable value of all your properties is less than £20,000 (£28,000 in London)

Wales

Rateable Value	Relief	Comments
Up to £6,000	100%	
Between £6,001 and £12,000	Tapered	100% to zero

Multiple Properties:

Limited to two properties per business in each local authority

RELIEFS

Transitional Relief

Phases in any increases in liability following a Revaluation.

Rateable value	2023 to 2024	2024 to 2025	2025 to 2026
Up to £20,000 (£28,000 in London)	5%	10% plus inflation	25% plus inflation
£20,001 (£28,001 in London) to £100,000	15%	25% plus inflation	40% plus inflation
Over £100,000	30%	40% plus inflation	55% plus inflation

Wales

Rateable value	2023 to 2024	2024 to 2025
Any	33%*	66%*

*Maximum increase in additional liability following Revaluation

Must have had liability increase of at least £300 following Revaluation

Scotland

Rateable Value (per property)	2023 to 2024	2024 to 2025
Up to £20,000	12.5%	40.6%
£20,001 to £100,000	25%	87.5%
Over £100,000	37.5%	140.6%

The caps are a percentage of the amount you had to pay as at 31 March 2023

RELIEFS

Voids

Mandatory

Awarded on completely vacant accommodation

Property Type	Relief (months)
Industrial	6
Commercial	3

Minimum of 13 weeks occupation required to retrigger void period

Scotland

The Scottish Government has devolved rates relief policy to local government, with each council able to have its own policy on rates relief.

RATES ACT 2023

RATES ACT 2023

Reliefs -

➤ Improvement Relief:

Additional liability incurred through qualifying improvements will be removed for period of 12 months

➤ Heat Network Relief:

Councils have discretion to award rates relief to heat networks which are heating or cooling properties from a central source

➤ Transitional Relief:

Scheme no longer needs to be revenue neutral whereby relief awarded to those seeing large increase in rates bill is funded by those with a large drop in rates bill

Valuation Matters -

➤ Rating List Duration:

Revaluations will last 3 years although Government still considering annual Revaluations in due course

➤ Appeals:

Limitations place on grounds of appeal. Can no longer appeal following changes in legislation, licensing regimes and guidance issued from public bodies

Completion Notices -

Changes in regulations to enable notices to be served following refurbishment works not subject to structural alterations

Duty to Inform -

Ratepayers will need to inform the VOA of notable information within 60 days. This encompasses any matters that impact the existence or extent of a rates assessment.

BUSINESS RATES AUTUMN BUDGET

BUSINESS RATES

Autumn Budget

Multipliers -

- Small multiplier frozen for 25/26 (49.9p in £)
- Standard multiplier (£51,000 RV and above) increased by Sept 24 CPI to **55.5p** in £ for 25/26
- Introduction of lower multipliers for high-street retail, hospitality and leisure properties from 26/27.
This will be funded by higher multiplier on the most valuable properties (over £500K RV).

Reliefs -

- RHL relief at 40% capped at £110K per business for 25/26

Retention -

- Business Rates Retention – Extend GLA enhanced business rates retention at 67% for 25/26 and extend 100% local retention in Cornwall, Liverpool City Region and the West of England Combined Authority area.

Discussion/Consultation Papers -

- Business rates discussion paper has been published setting out Governments priority areas for reform
- Disclosure Consultation – VOA publishing a response setting out next steps for improving transparency of rates valuations.

BUSINESS RATES DISCUSSION PAPER

BUSINESS RATES

Discussion Paper – Transforming Business Rates

Government sets out objectives for reform which includes the following:

1) Protecting the High Street

- Permanently lower rates liabilities for those in the retail, hospitality and leisure sectors with properties under £500K RV
- New higher multiplier for properties with assessment of £500K RV and above
- 40% retail relief up to £110K in respect of 25/26

2) Encouraging investment

- Considering the efficacy of improvement relief from April 2024 providing 12 months relief for qualifying improvements
- Looking at impact of limiting Small Business Rates Relief (SBRR) to one property only (unless properties are very small)
- Reviewing cliff edges in the rates system and how they can significantly impact liability
- Empty property relief review and the efficacy in supporting landlord to make improvements

BUSINESS RATES

Discussion Paper – Transforming Business Rates

3) Creating fairer system

Tackling Avoidance & Evasion

- Taking stock as to whether increased reset period of 3 months is having desired outcome
- Publishing a further discussion paper specifically focussed on the matter
- Potentially introducing a “General Anti Avoidance Rule” giving Councils more ability to combat mitigation schemes when they arrive

Making system more responsive

- Government reviewing the Rating List length and the current 3 yearly Revaluation
- Also considering the 2 year gap between the valuation date and effective date of the new Rating List

Delivering Enabling Reforms

- Transparency – VOA to make further details available as to how rates assessment has been arrived at. Phased introduction from 2026 and fully up & running from 2029
- Duty to inform – Obligation to confirm physical position on site. Phased introduction from 2026 and fully up & running from 2029

Proportionate Burden

- Fiscally neutral system. Does it work? Should rates bills move inline with property value changes?

BUSINESS RATES

Discussion Paper – Transforming Business Rates

4) System Fit for the 21st Century

- Digitalising Business Rates – project introduced in 2016. Matching business rates data with HMRC data
- Will help tackle tax avoidance and aid Governments decision making in policy decisions
- Aim to complete and implement project by March 2028.

BUSINESS RATES SAVINGS OPPORTUNITIES & ADVISORY WORK

BUSINESS RATES SUMMARY

Saving Opportunities



Rates Appeals We are able to provide an expert opinion of Rateable Value for any property or an entire portfolio and advise on the merits of embarking on the Check, Challenge, Appeal (CCA) process.



Material Change In Circumstances Where a temporary disturbance is suffered at a property, we may be able to reduce the Rateable Value for the duration of the event.



Reoccupation We may be able to introduce an occupier to a vacant property where empty rates are payable.



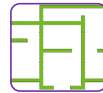
Rates Audit A review of all historic rates payments made and Rateable Values to check for any errors made by the Billing Authority of Valuation Office Agency could unearth rates saving opportunities.



Exemptions – seek total or partial exemption to business rates on qualifying buildings.



Reliefs – The team will ensure that rates bills are as low as possible with all possible reliefs applied. This includes retail relief and charitable relief.



Empty Space If the property is partly occupied then rates relief may be available. Turner Morum can advise on how to minimise void rates costs.



Completion Notice Appeals For unoccupied new build or previously deleted sites a Completion Notice ordinarily must be served by the Local Authority before a Rateable Value is applied. These Notices are sometimes served on the incorrect party and from the incorrect effective date. Appeals can be submitted against these Notices.



Deletions Where a site is unoccupied and undergoing works we can seek to delete the Rateable Value from the Rating List.



Oversupply We will review property supply levels in any particular locality. Where an oversupply occurs we may be able to obtain a reduction in Rateable Value to reflect the surplus stock.



NDR v CT - We review stay data to ascertain whether accommodation should be assessed for NDR or CT and what would be most beneficial.



Funding – We keep abreast of all funding (linked to rates assessments) available for particular property types or properties in particular locations. The team make applications for such funding and ensure compliance with subsidy control measures.

BUSINESS RATES SUMMARY

SUMMARY

- ❖ BUSINESS RATES CAN BE A COMPLEX AREA WITH MANY POTENTIAL PITFALLS
 - ❖ POSSIBLE TO CONTEST RATEABLE VALUES
 - ❖ VARIOUS RELIEFS AVAILABLE
 - ❖ BUDGETING AND ACCRUING CAN BE JUST AS IMPORTANT AS GENERATING RATES SAVINGS.
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WHY TURNER MORUM?

- ❖ SMALL CLOSE KNIT TEAM PROVIDING PURELY BUSINESS RATES ADVICE
- ❖ YOU WILL DIRECTLY SPEAK WITH ONE OF THE PARTNERS OF THE TEAM
- ❖ WE ARE INDUSTRY LEADERS IN PROVIDING RATES ADVICE ON ALTERNATIVE & SPECIALIST PROPERTY TYPES
- ❖ SIGNIFICANT EXPERIENCE OF WORKING WITH THOSE IN THE HORTICULTURE AND AGRICULTURAL SECTORS

QUESTIONS?

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