

2010 Business Rates Revaluation

THE KEY ISSUES

The national Revaluation of all non-domestic (business) property will commence on 1st April 2010 and this will introduce a new rateable value for your property. This process is conducted by the Valuation Office and occurs every five years. Your new rateable value is then used by the Local Authority to calculate your ongoing business rates liability.



The Revaluation will not raise extra revenue

The Revaluation does not raise extra revenue for the Government but reflects changes in the property market across the country and therefore redistributes the total tax liability. Some rates bills will rise and some will fall in accordance with the trends in rental values between 2003 and 2008.

Transitional relief will be available for those ratepayers facing the largest increases in bills, but this is subsidised by those expecting a decrease, who will not get the full benefit straight away. Any other rates relief to which you may be entitled, such as small business rate relief, will still be available in 2010.

Impact of economic climate

In the current economic climate it is possible that rental values in 2010 may be lower than they were in 2008, however ratepayers will not get the benefit of this reduction. This is because the date used for the analysis of rental evidence for the new Revaluation is April 2008.

The analysis of any rents around this 2 year period is therefore critical, as there could be scope for future reductions in rating assessments, if the Valuation Office over emphasise their figures. Furthermore, there is a general lack of lettings evidence to new occupiers, which exacerbates the difficulties with the analysis.

Who assesses your rateable value?

The Valuation Office Agency (VOA) assesses the new rateable values. They are a central Government organisation and also an executive agency of the Inland Revenue.

The VOA Surveyors use a wide range of property information and rental evidence at national and local levels. Much of the evidence is collated from occupiers themselves through a Request for Information form.

Tip

If you receive one of these Request for Information forms and need any assistance completing it, please do not hesitate to contact us for advice.

How is the 2010/11 rates bill calculated?

The Local Authority calculates the rates bill by multiplying the rateable value by the rate in the pound (or the multiplier) set by Government, and then applying any relief that is due.

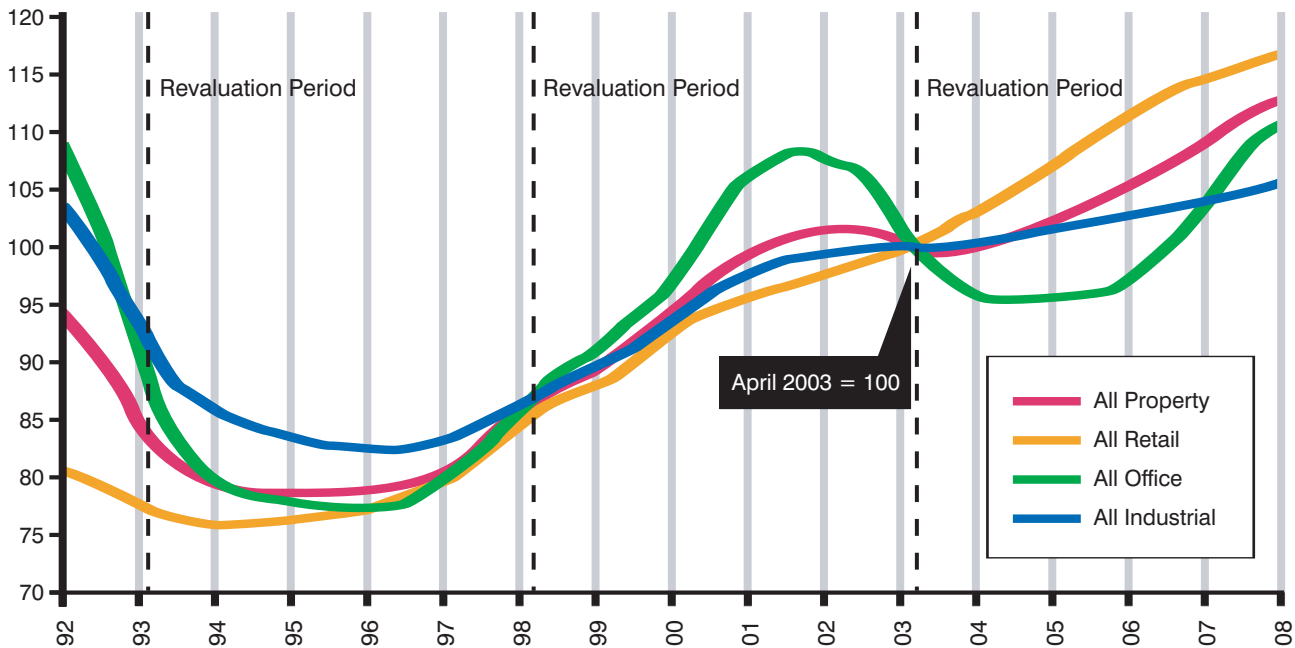
Tip

It will be possible for our firm to provide a detailed forecast of your new rates liability for 2010/11 and onwards from October 2009.



Commercial and Industrial Rental Values

Source IPD



Offices

Average UK offices rents (including Central London) grew by 25.9% between 2003 and 2008. The West End has seen by far the strongest growth over the past five years, with prime rents in Mayfair increasing by 70.4%.

Retail

In-town prime retail rents in the UK grew by 15.7% between June 2003 and June 2008, at an average of 3% per annum. The South East has been the top performer over the past five years with average rental growth of 21.4%.

Industrial

Average industrial rents in the UK increased by an estimated 13% between 2003 and 2008. The highest increases were seen in Scotland and Wales. Heathrow has remained the most expensive industrial centre throughout the five year period.

Education

Building costs which are used to calculate rateable values for specialist properties such as schools and universities have risen on average by 28% over the last five years; this will feed through into increased assessments. Due to proposed other changes in the valuation basis, this sector could see some of the highest assessment increases.

Key Dates

1 April 2008

The Valuation date adopted for all new 2010 rateable values.

30 September 2009

The VOA publishes the new rateable values online, allowing six months to check that the valuation of the property is based on factually correct information before it comes into effect. The valuations will also be available online at www.voa.gov.uk/2010.

October 2009

The majority of all ratepayers will also receive details in the post of their new valuations during October.

February / March 2010

The local authority uses the new rateable values to calculate the business rates bills for the 2010/2011 financial year.

1 April 2010

All new 2010 rateable values come into effect. They will remain effective for five years, although appeals will be possible against the rating assessment from this date.

How we can challenge your rateable value

Our firm can assist you at an early stage to help you plan effectively for the new changes. The key dates from when actual action can be taken are summarised below: -

1st October 2009 – If we can spot errors in your draft valuations early, these can be put right before your assessment is finalised.

1st April 2010 – We can lodge protective appeals against your rateable value to try and establish further long-term savings.

When taking business rates advice, please always ensure you employ a professional Chartered Surveying firm who are bound by the Royal Institution of Chartered Surveyors (RICS) code of professional conduct. Company names of firms offering advice can be checked online at www.ricsfirms.com

FOR MORE INFORMATION PLEASE CONTACT PAUL GINNESS

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