

BUSINESS RATES



BUSINESS RATES CV

CV



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ASSOCIATE

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PROFESSIONAL AFFILIATIONS

MEMBER OF ROYAL INSTITUTION OF
CHARTERED SURVEYORS & 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 10 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.

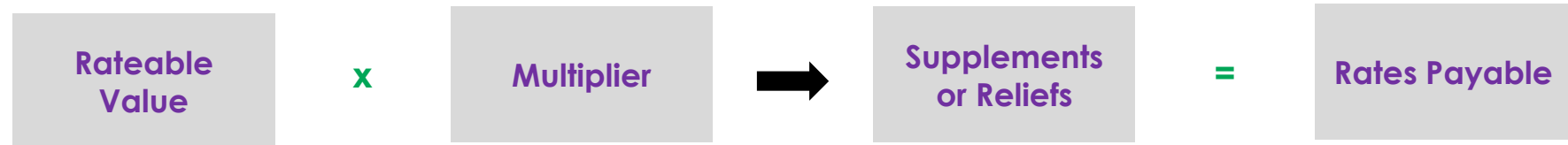
He advises clients on rates budgets and anticipated refunds. Peter also prepares responses to Government consultation papers on behalf of clients. This includes the recent fundamental review of business rates.



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)

Supplements

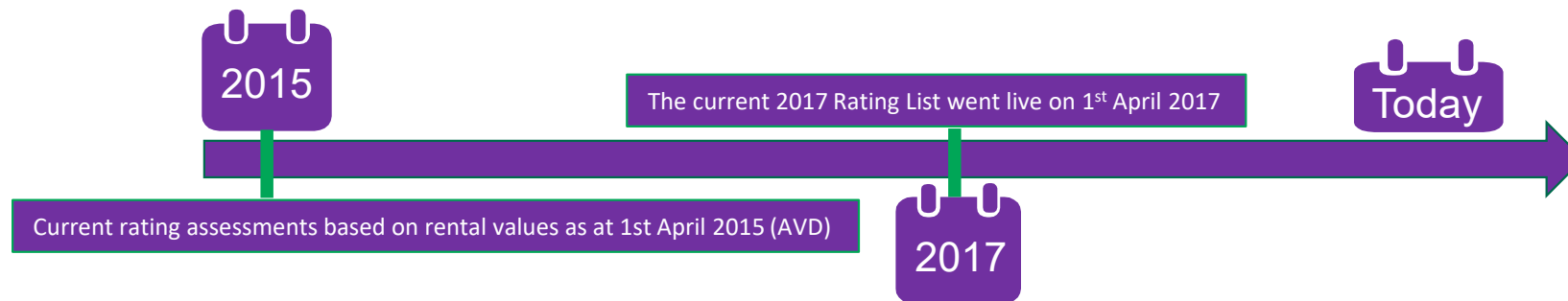
City of London (£0.008p), Crossrail (£0.02p)

Reliefs

Charitable 80-100%
Mandatory void
Discretionary void
Transition

BACKGROUND

Current Rating List



The 2017 Rating list is expected to run until 31st March 2023.

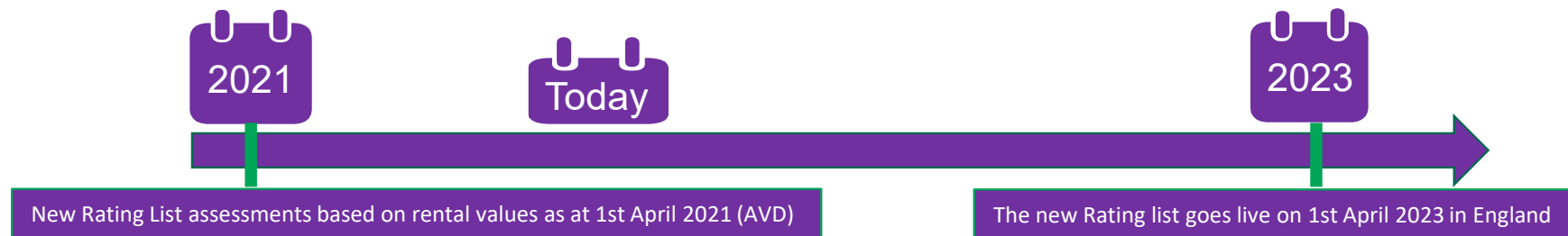
Scotland – Current rates system runs from 1st April 2017 based on 1st April 2015 values

Northern Ireland – presently on 2020 Rating List which is effective from 1 April 2020 and based on 1st April 2018 values

Wales - Inline with England.

BACKGROUND

Revaluation



The 2023 Rating list is expected to run until 31st March 2026.

Scotland - Next Revaluation due 1 April 2023 based on rental values as at 1 April 2022.

Northern Ireland – Next Revaluation due 1 April 2023 based on 1 October 2021 rental values

Wales – They have indicated that they will follow England.

BUSINESS RATES **APPEALS**

APPEALS

2017 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 	Timetable in control of tribunal Potential 3+ years

APPEALS

Grounds

Compiled List – contesting compiled figure as at 1 April 2017 (areas and values)

Valuation Office Notice – contesting notice served by VOA after 1 April 2017

Material Change of Circumstances (MCC) – temporary disturbance from nearby event



APPEALS MCC

Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill

In essence the Bill will rule out any MCC appeals relating to COVID-19.

- (4) In making a relevant determination, no account is to be taken of any matter (whether arising before or after the passing of this Act) that is directly or indirectly attributable to coronavirus.
- (6) For the purposes of this section, matters attributable to coronavirus include (but are not limited to) anything done by any person –
 - (a) with a view to compliance with any legislation which concerns the incidence or spread of coronavirus,
 - (b) with a view to compliance with any other legislation for reasons relating to the incidence or spread of coronavirus, or
 - (c) in response to, or otherwise in consequence of, any advice or guidance given by a public authority relating to the incidence or spread of coronavirus.

The legislation is currently progressing through Parliament with third House of Lords reading yesterday.



APPEALS

Methods of Valuation

Comparable

- Used for bulk class properties such as offices, shops and warehouses
- 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.



BUSINESS RATES **RELIEFS**

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 Property:

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)



RELIEFS

Transitional Relief

Phases in any increases and decreases in liability following a Revaluation.

Increases

Rateable value	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021	2021 to 2022
Up to £20,000 (£28,000 in London)	5.0%	7.5%	10.0%	15.0%	15.0%
20,001 (28,001 in London) to £99,999	12.5%	17.5%	20.0%	25.0%	25.0%
Over £100,000	42.0%	32.0%	49.0%	16.0%	6.0%

Decreases

Rateable value	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021	2021 to 2022
Up to £20,000 (£28,000 in London)	20.0%	30.0%	35.0%	55.0%	55.0%
20,001 (28,001 in London) to £99,999	10.0%	15.0%	20.0%	25.0%	25.0%
Over £100,000	4.1%	4.6%	5.9%	5.8%	4.8%

2017 Rating List - 5 year scheme so ends 31.03.2022. However extended to 31.03.2023. for small and medium businesses.

Small Business: 15% increase in 22/23

Medium Business: 25% increase in 22/23



RELIEFS

Hardship Relief

Relief may be available under S49 of the Local Government Finance Act 1988 where the following applies:

- (a) The ratepayer would sustain hardship if the authority did not do so, and
- (b) It is reasonable for the authority to do so, having regard to the interests of person subject to its community charges

- Providing rates relief is at the discretion of the Council
- Each authority applies different rules
- Council will consider wider impact on the area if company went out of business
- The relief is usually only available on occupied properties
- Council will need to be satisfied that there is a viable business

How to Apply?

- Usually need to complete application form
- Each Council form differs slightly
- Generally seek to understand the following:
 1. History of the business
 2. Number of employees
 3. Benefits that the business brings to the borough
 4. Why business is suffering hardship
 5. Is the service offer unique in the locality.



RELIEFS

Voids

Mandatory

Awarded on completely vacant accommodation

Property Type	Relief (months)
Industrial	6
Commercial	3

Discretionary

Awarded on partially vacant accommodation

Property Type	Relief (months)
Industrial	6
Commercial	3



RELIEFS

Expanded 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)

- i. as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
- ii. for assembly and leisure; or
- iii. as hotels, guest & boarding premises and self-catering accommodation,

22/23

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

We are currently awaiting full details on the qualifying criteria for the relief



RELIEFS

Charitable

- Relief available in accordance with S45A of the Local Government Finance Act 1988
- Applies to charities / trustees for charities or registered community amateur sports club
- The property needs to be wholly or mainly used for charitable purposes
- Do not need to be registered charity however need to show established for charitable purposes
- If vacant need to show that when next in use the hereditament will be wholly or mainly used for qualifying purposes
- Excluded from relief are properties used to raise or earn money for the charity.

Relief Available -

- 80% mandatory relief
- 20% discretionary relief

How to apply?

Application form(s) available from the Council



GRANTS

Local Restrictions Support Grants

Time Period	Grant Scheme	Grant Amounts		
		£15,000 RV and under	£15,001 to £50,999	£51,000 RV and over
05.11.20. – 02.12.20.	Lockdown 2 Grant / Local Restrictions Support Grant (Closed)	£1,334.00	£2,000.00	£3,000.00
03.12.20. – 04.01.21.	Tier Restrictions / Local Restrictions Support Grant (Closed)	£1,334.00	£2,000.00	£3,000.00
05.01.21 - 15.02.21.	Lockdown 3, Phase 1 Grant / Local Restrictions Support Grant (Closed)	£1,334.00	£2,000.00	£3,000.00
16.02.21. - 31.03.21.	Lockdown 3, Phase 2 Grant / Local Restrictions Support Grant (Closed)	£1,334.00	£2,000.00	£3,000.00
N/A	January One-Off Grant	£4,000	£6,000	£9,000
N/A	April Restart One-Off Grants	£2,667	£4,000	£6,000



RELIEFS

Business Rates Relief Fund

- £1.5 billion support fund
 - Targeted support for those who have not been able to benefit from the retail, hospitality & leisure reliefs and funding
 - Will be distributed according to those sectors which have suffered most economically
 - Application process will commence once COVID-19 legislation has passed.
- The £1.5 billion pot will be distributed according to official data on the impacts of the pandemic on different sectors, ensuring an even and more proportionate allocation of support across England based on the economic impacts of COVID-19 and not on estimates of the impact on a property's value.
 - We'll work with and support local government to enable ratepayers to apply as soon as possible this year, once the legislation relating to MCC provisions has passed and local authorities have set up local relief schemes.

RELIEFS

Business Rates Relief Fund

- **Illustrative Case Study 1 – Consultancy firm operating from an office in Central London:**

- prior to the pandemic, operated with staff all office based on a full-time basis.
- since the pandemic, business has been unaffected.
- large office with staff continuing to work on a full-time basis but with 50% working from home at any one time.
- rateable Value - £12.5 million
- size – 36,000m²
- under the MCC regime, the businesses could have argued that it had suffered an MCC due to reduced occupancy as a result of social distancing guidance and due to the indirect effect on the value of the property due to the mandated closures of surrounding bars and restaurants.
- for illustrative purposes, a 25% reduction in rateable value would save the business £1.6 million
- under our proposed approach, the business would unlikely fall within scope, given it had not suffered an economic impact.

- **Illustrative Case Study 2 – Food wholesaler operating from a warehouse outside of London:**

- prior to the pandemic sold exclusive to restaurants within a region
- since the pandemic, turnover reduced nearly to nil
- large warehouse where social distancing can be observed without an impact on operations.
- rateable Value - £95,000
- size – 5,200m²
- under the MCC regime, the businesses would unlikely have been deemed to have suffered an MCC and so would have received no reduction
- under our proposed approach the business would likely fall within scope given the economic impact on their business
- for illustrative purposes, a 15% relief would save the business £7,300

BUSINESS RATES **AUTUMN BUDGET 2021**

AUTUMN BUDGET 2021

Key Announcements

- **Rates Review** - The Government has concluded its fundamental business rates review
- **Rates Relief** - Temporary 50% rates relief to the retail, hospitality and leisure sectors for 22 /23 capped at £110,000 per business
- **Multiplier** - freeze in 2022 /23 with no increase from the current 2021 /22 rate
- **Improvement Relief** – 12 months rates relief where eligible improvements to an existing property increase the Rateable Value, effective from 2023
- **Renewable Energy** – Rates exemption on eligible plant and machinery used in onsite renewable energy generation and storage with up to 100% relief for eligible low-carbon heat networks
- **More Frequent Revaluations** – Confirmed 3 yearly Revaluations moving forward with next Revaluation effective from 01.04.2023, based on 01.04.2021, rental values
- **Online Sales Tax (OST)** – Government are continuing to explore options for an OST and will consult further on this matter.

BUSINESS RATES

FUNDAMENTAL REVIEW OF RATES

FUNDAMENTAL REVIEW OF BUSINESS RATES

Key Announcements

Basis of tax - The government is not proposing changing the nature of the tax, or the basis of valuation

Reliefs - They will not be removing any of the existing rates reliefs at this stage

Online Database - Initial work is being undertaken to develop a database for matching business rates data with central HMRC tax data, which will integrate into HMRC's Single Customer Account

Empty Property Relief - The Government will consult next year on how to tackle misuse of Empty Property Relief

Revaluations - Implementing 3 yearly revaluations commencing from April 2023

Annual Revaluations to be consulted on in the longer term

AVD - Two year gap between AVD and List commencement to remain at present. However shortening gap remains an aspiration

Appeals - Check stage will be removed from 2026 and 3 month window for Challenge submissions. VOA will have until end of Rating List to resolve Challenges.

Material Change of Circumstances - Changes to the rules around what constitutes a MCC

Increased Transparency - Making available fuller analysis of rental evidence used to set an RV for a specific property

Duty to Inform - Ratepayers will be required to notify the VOA of changes to the occupier or physical property characteristics, and to provide rent and lease information to the VOA, as well as trade information

VOA Funding - Increased funding available to the VOA to implement the reforms

Transitional Relief - The Government will consult on whether a TR scheme is needed for the 2023 Rating List onwards.



BUSINESS RATES **SAVING OPPORTUNITIES**

RATING SERVICES

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.



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 the Notices.



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

BUSINESS RATES **SUMMARY**

SUMMARY

- BUSINESS RATES CAN BE A COMPLEX AREA
- POSSIBLE TO CONTEST RATEABLE VALUE
- VARIOUS RELIEFS AVAILABLE
- IS THERE AN OPPORTUNITY FOR RATES SAVINGS?
- CAN TURNER MORUM ASSIST?





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