

Insights

DO YOU WANT TO KNOW HOW MUCH YOUR BUSINESS WILL BE PAYING IN BUSINESS RATES FROM 1 APRIL 2023?

Nov 18, 2022

SUMMARY

It is a good question because the new rating list; the first for 6 years, takes effect on that day. The rateable values that are being compiled reflect letting values (more or less) as at 1 April 2021.

What ratepayers have been waiting for is some clarity as to:

- Rateable values
- The business rates multiplier
- Transitional arrangements

in order to have a view as to what their bills will look like for the year ahead.

Yesterday:

- The Valuation Office agency published their draft valuations (since you ask, the rateable value of the city offices this is being written in are set to go up by a few percentage points).
- The Chancellor announced that the multipliers are being frozen (which is good in inflationary times).
- A new transitional scheme, funded by the Exchequer, will apply.

Reflecting on the rates payable by ratepayers who do not qualify for small business relief or whose premises are in the small category (having a rateable value of up to £28,000 in London or £20,000 elsewhere in England) the key points from the Autumn Statement are:

1. The multipliers remain too high; the standard rate remains 51.2p. No wonder rates attract attention.

2. The retail, leisure and hospitality relief is extended but up to a maximum of £110,000 per business for 2023-24. If you reach that cap, then the Chancellor says “you’re multiplier is not going up and look at the new transitional relief”. We’ve mentioned the multiplier. Let’s look at transitional relief.
3. For premises having a rateable value greater than £100,000, ratepayers will have to pay 30% of the full increase in 2023-24, 40% in 2024/25 and 55% in 2025/26. These caps for the large premises are the least generous caps on increases. The retailers trading from large stores will be paying proportionately much more of their rates increases than medium sized and smaller premises.

Two points of interest to the retail sector are:

- Total retail sector rates are estimated to fall by 20% but will rise 27% for the large distribution warehouse sector to reflect the growth in the online sales sector.
- The proposal for an online sales tax has been scrapped.

Rating agents are now in there busiest spell for 6 years dealing with:

- Advising clients on those draft valuations; can the ratepayers do better?
- Progressing appeals against extant valuations under the current 2017 list (or earlier).
- Dealing with claims for reliefs.
- Business as usual advice where there are changes to or around the property.

For ratepayers this is not the end of the task of finding out what they will have to pay from 1 April 2023, but it may be the end of the beginning.

This insight was originally authored by Roger Cohen.

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