

14 November 2008

BRIEFING NOTE

SMOKING BAN – RATING APPEALS

As you are no doubt aware, the Rateable Value (RV) of any licensed property reflects the level of trade that the average competent licensee might be able to achieve, operating any particular business. As trading conditions change, so does the possible success or decline of any business. Thus, so can the RV of the property be amended accordingly.

There is no doubt that the smoking ban, from 1st July last year, has affected the fortunes of many businesses. After much persuasion, the Valuation Office Agency (VOA), responsible for assessing Rateable Values of all licensed and commercial property in England and Wales, now accepts the introduction of the legislation as a valid reason for appealing the RV of licensed property. To secure a reduction in assessment, the VOA needs proof that trade has declined and often, therefore, require details of turnover (ex VAT) for the year before and after the introduction of the ban. If you have not owned your current business for two years, it is still possible for experienced rating surveyors to secure reductions in RV, where appropriate.

Every business is individual and unique, for which reason it is important to take time to understand the factors that drive a business and those that will impact upon it. Only when this is done is it possible to provide advice to clients and negotiate any (well-considered) appeal served on the VOA to challenge the RV of any property, with authority.

The RV of property can be challenged on a number of occasions. It is often possible to identify more than one reason to appeal the rating assessment of any premises. Where successful, more than one reduction in RV can be achieved. Regardless of whether your business is your own, or one of many within a larger portfolio, every one must operate as efficiently as possible. Many people do not fully understand the valuation process to arrive at a Rateable Value, nor the calculation of business rates liability. One thing, however, everyone understands and is passionate about; a reduction in RV reduces the amount of rates payable. A reduction in rates payable increases profit and thus, the value of the business in question.

At the present time, the VOA are preparing the Rateable Values of all properties to appear in the 2010 Rating List from 1st April that year. The Antecedent (statutory) Valuation Date for this purpose is 1st April this year. Any information provided to the VOA demonstrating a decline in trade between now and 2010 will, therefore, not only assist in securing a reduced RV now, but also from April 2010. An effective rating advisor will, therefore, be able to help any business remain as profitable as possible.

Be aware that there are many unscrupulous rating “advisors”. To ensure that you receive bona fide guidance, you should ensure that your rating surveyor is a member of the Royal Institution of Chartered Surveyors (RICS). All Chartered Surveyors’ rating advice is subject to the RICS Rating Consultancy Code of Practice, a copy of which should be provided to you.

To receive further guidance or advice concerning rating appeals, please contact **Michael Yass**, Head of Rating, at the above address in the first instance.