

retailrates

SUMMER '09



“Retailers won’t be hit as hard as feared by the 2010 Rating

Revaluation with the majority in fact seeing reduced rates bills next year”

says **Robert Sherwill**

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2010 Revaluation impact figures

The next nationwide rating revaluation will take place on 1 April 2010. Updated Rateable Values will be placed on all properties liable for business rates. The revised Rateable Values will be based upon rental levels prevailing in April 2008.

Set out is the Government’s forecast in England of the impact on rates bills of the revaluation. These tables ignore inflation, supplements, phasing and other reliefs.

Effect of revaluation on retail sector:

Sector	Properties	Total
Shops	407,700	-1%
Retail Warehouse	7,800	-4%
Supermarkets	3,900	12%
Department Stores	200	-6%
High Street Banks	10,400	-2%
Large Shops	2,300	-2%
Other Retail	43,400	2%
TOTAL	475,700	1%



Regional and sector effect of revaluation:

Region	Properties	Total	Retail	Offices	Industry	Others
London	280,200	10%	4%	19%	0%	4%
South West	187,800	3%	5%	-3%	-3%	7%
North East	75,500	-1%	-1%	-6%	-7%	6%
Yorkshire & Humber	174,500	-1%	1%	-1%	-9%	3%
North West	239,300	-2%	-1%	-3%	-9%	2%
East of England	180,800	-3%	1%	-7%	-9%	2%
South East	249,400	-5%	0%	-13%	-12%	0%
West Midlands	182,400	-7%	-4%	-8%	-13%	-1%
East Midlands	136,300	-10%	-8%	-18%	-16%	-2%
TOTAL	1,706,200	0%	1%	5%	-9%	2%

A note of caution on the figures. As almost 95% of the 407,700 shops have Rateable Values below £50,000, the impact figures stated do not necessarily reflect the impact on the relatively small number of shops with RV's above £50,000.

Ratepayers will be sent notification of their draft Rateable Values following their publication on 30 September.

Rate Phasing – 2010 to 2015

A Rating Revaluation can lead to both large increases and reductions in rates liability. To protect a business facing large increases in England and Scotland there is a cap on the annual increases in liability. To pay for this subsidy the Government also limits any large reductions in liability.

The Government issued a consultation paper on 8 July setting out four potential phasing schemes to operate from 1 April 2010. The Government's stated preferred option is to phase in both increases and reductions over up to 5 years. This option places a 12.5% cap on increases in rate liability from this year to next.

Lowest UBR for 18 years

The Uniform Business Rate (UBR) for 2010/11 is projected by the Government to fall to 40.0p in England which will be the lowest figure for 18 years. The 2010 Rating Revaluation itself will not raise any additional tax revenue in real terms. The purpose of Revaluation is to redistribute the rates burden having regard to the new values. To achieve this aim, the UBR is rebased for the first year of the new rating list to account for any overall changes in total rateable value.

If the small business supplement remains at 0.4p this will lead to a UBR of 40.4p.

Vacant Shops

Rating legislation does not permit rates reductions to reflect falls in rental value solely caused by the downturn in the economy. Where a fall in value however can be linked to a physical change such as a high level of vacant units – even if this has been caused by the recession – then this is grounds for an appeal to be made.

Following nationwide research co-ordinated by Allsop a large number of locations have been identified as having a high level of vacant shops and appeals are being pursued for rate reductions.

Rates Deferment

Retailers led the outcry at the imposition of a 5% increase in rates bills in the depths of a recession. This resulted in the Government introducing a scheme enabling the deferment of 60% of this year's rates increase until 2010/11 and 2011/12.

Due to the late announcement of the scheme it is only now that ratepayers can make the application to a local authority for deferment.

Empty Rates

There seems to be little prospect this side of an election of any further concessions from the Government in mitigating the damage caused by the new rates regulations on empty properties. The only concession to date is for 2009/10 ONLY - the Government will not charge rates on empty properties with a Rateable Value of less than £15,000.

Are You Eligible for a Rate Saving?

There could be the possibility of reducing your business rates.

- Is the shop in an area with a high number of vacant units?
- Is the shop adversely affected by a local disturbance eg shopping centre refurbishment or street works?
- Has there been a change in the area eg new shopping centre opening?
- Have you carried out an audit of past rates bills issued by local councils to identify and recover any overpayments? As local councils annually handle over 20 million business rates related tasks the potential for mistakes is enormous.

Contact

To discuss any of the issues raised, please contact:

Robert Sherwill FRICS
+44 (0)20 7543 6814
robert.sherwill@allsop.co.uk