



Business Rates Newsletter

January 2023 Update

Welcome to our first Newsletter of 2023!

With lots of questions coming in from clients, old and new, we have attached our most recent Business Rates Brochure highlighting how we can assist you through the upcoming challenging months. If there is anything else you would like to know, please find contact details for our team at the bottom of this newsletter.

[**Click to View Brochure**](#)

Scottish Rating Revaluation 2023

- All non-domestic properties, other than those excluded by legislation, will be revalued on **1 April 2023**
- This means that the fourteen Assessors across Scotland will set new Net Annual and Rateable Values for all such non-domestic properties in their areas based on rental levels as at 1 April 2022
- Draft valuation notices have been issued to proprietor/tenant/occupiers following the publication of the draft roll showing the Net Annual and Rateable Value provisionally set to take effect from 1 April 2023 for each property
- The draft valuation notice is not a rates bill and the value may change prior to the final Valuation Roll being published on 1 April 2023
- A final valuation notice will be issued in March 2023

Rates Bills

- Non-domestic rates bills are sent by the relevant billing authority who will use the final Rateable Value to arrive at the bill for the financial year 2023/24
- Bills are calculated by multiplying the Rateable Value by a rate set by the Scottish Government known as the 'poundage'

Rate Poundage as from 1 April 2023

- The main tax rate, the Basic Property Rate or poundage, is a pence in the pound tax rate set by Scottish Ministers. Two additional rates- the Intermediate and Higher Property Rates- are levied on properties with higher rateable values
 - The Scottish Budget confirms a freeze to the Basic Property Rate ('poundage') at 49.8p
 - The Intermediate Property Rate, at 51.1p (the poundage plus 1.3p), will be charged on properties with a rateable value of between £51,001 and £100,000;
 - The Higher Property Rate of 52.4p (the poundage plus 2.6p) will be charged on properties with a rateable value above £100,000
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Proposals Replace Appeals!

- The Scottish Government has amended the whole process of challenging the rateable value
- A challenge to value must now be a formal 'Proposal' which has to include detailed reasons for the challenge, evidence supporting the Proposal and a formal valuation
- The full content has not been defined and there is a worry that individual Assessors will adopt different criteria
- The Assessor has the option to refuse the Proposal if they do not believe it provides sufficient information
- Proposals cannot be lodged until the confirmed value in the final Notice issued prior to 31 March 2023

Complexity of Proposals

- The whole process is to reduce the number of appeals/proposals lodged!
- It will be extremely difficult for a ratepayer to collate and submit a Proposal

The factual content has not been confirmed but likely to require the following:

- Provision of building dimensions
- Schedule of photographs
- Property description, details of plant and machinery
- Details of property services- heating, lighting, air conditioning etc
- Consideration of age, condition and obsolescence of the building
- Outline details of building/site deficiencies
- Building and site plans (if available)
- Building maintenance report (if available) to substantiate allowances
- Confirmation of Planning permission and any restrictions on use
- Copy of Valuation Notice(s) and all subsequent Rates Invoices

This is a detailed and complex document.

The last date for submission of a Proposal is 31 July 2023.

Initial Contact with Assessors

- The changes to the process assume that negotiation can be held with the Assessor prior to 31 March 2023 with the option to pre agree values. This is a huge task for Assessors due to the number of properties and complexity of Valuations
- Previous valuations have required two and a half years to complete all appeals!

Graham + Sibbald are party to negotiations with Assessors and can advise further.

Graham + Sibbald Rating Service

- We have reviewed the new legislation and been in discussion with Assessors offices to ensure we meet these new requirements for the 2023 Rating Revaluation
- We have expanded our team to provide a full Rating and Financial Management Service throughout Scotland
- We have also expanded our team including Rating experts in our Manchester and London offices

We can therefore provide a full rating valuation and financial service, analysing rates bills, throughout the UK. Contact any of our team below for more detail.

What to do now!

If you have received a Draft Notice and you believe the increase is excessive, or the value has not been reduced sufficiently, please forward the Notice to a member of our Team or to rating@g-s.co.uk. We can then review the figure and report back with recommendations.

If you have carried out any alterations or improvements we would recommend you take professional advice on the implication to your liability but also whether any rates relief might be applicable.

Any savings could be significant over the three year Revaluation period!

England

Multiplier (UBR)

The rating multiplier in England is to be frozen for 2023/4 at **49.9p** for small properties (defined as properties with a rateable value below RV £51,000), and **51.2p** for properties with a rateable value of RV £51,000 or more. This will be the third consecutive year that the multiplier has remained at this level.

Transitional Arrangements

The biggest and arguably most welcome news is the scrapping of downwards phasing. This is something the industry has been calling for over a number of years and, given the current weakness of the retail and hospitality industries, has been identified as the single biggest meaningful measure which could be provided to struggling businesses, who will see their rateable values fall in April 2023 and who, without this measure, would have seen their potential rates savings limited by downward phasing. The scrapping of this element of the phasing regulations means that those ratepayers who see a fall in their rateable value on 1 April 2023 will benefit immediately.

For ratepayers who are facing increases in their rateable value, transitional relief will once again be applied depending on the size of the RV. The limits are shown in the table below and are taken directly from the government's factsheet.

Upward Caps

2023/24

Small (RV up to £20k or £28k in London)- 5%

Medium (RV between £20k to £100k)- 15%

Large (RV greater than £100k)- 30%

2024/25

Small (RV up to £20k or £28k in London)- 10%

Medium (RV between £20k to £100k)- 25%

Large (RV greater than £100k)- 40%

2025/26

Small (RV up to £20k or £28k in London)- 25%

Medium (RV between £20k to £100k)- 40%

Large (RV greater than £100k)- 55%

Retail, Hospitality and Leisure Relief

The Chancellor has acknowledged that the retail, hospitality and leisure sectors have continued to suffer following the impact of the Covid-19 pandemic and exacerbated by the cost of living crisis. He has therefore confirmed that the Retail, Hospitality and Leisure Relief scheme will continue for the 2023/4 rate year with an increased discount of 75% (an increase on the 50% applied for 2022/23). However, this will still be capped at £110,000 per business. No announcement has made for the period beyond 2023/24.

Additional Support for Small Businesses will be provided, with liability increases for the smallest businesses losing eligibility or seeing reductions in Small Business Rates Relief (SBR) or Rural Rate Relief (RRR) capped at £600 per year from 1 April 2023.

Improvement Relief

In last year's Autumn Statement, the Government proposed a new "improvement relief" to ensure ratepayers do not see an increase in their rates for 12 months as a result of making qualifying improvements to a property they occupy. This will now be introduced from April 2024 and will be available until 2028, at which point the government will review the measure.

Draft 2023 Rating List Assessments

Following the Autumn Statement, the draft 2023 Rating List assessments for England and Wales was published later in the day. We are now in the early stages of analysing the changes in rateable values and, with the announcements made by the Chancellor, will be in a position to provide clients with accurate rates budgeting advice as soon as our systems are updated with the latest figures.

Any Questions?

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