



It's your liability – reduce it!

Whether you trade from a single property, or are responsible for a large portfolio, your rates liability is an overhead which you cannot afford to ignore.

Bills for the 2009/2010 rate year will arrive in the next few weeks and will show an increase of slightly more than 5% above last year. Unfortunately, annual increases are pegged to the rate of inflation prevailing in the previous September; so this year, despite recent falls in inflation, business ratepayers will see a steep increase in rate liability.

Bills are produced by your local council and involve two elements – the Rate Poundage, which increases each year to reflect inflation, and the Rateable Value (RV), which is set every five years by the Government's valuation services.

The RV represents an opinion of the rental value of your property at a particular date in time – currently 2005, and relates to values

existing in 2003. You have the right to appeal against the RV of your property and, if you are successful, your liability will be reduced.

2010 REVALUATION

Every commercial property in mainland UK is currently being reassessed for rating purposes by The Valuation Office Agency (in England and Wales) and the Regional Assessors (in Scotland).

It will be interesting to see how the current economic climate, which had its roots as far back as early 2008, will be reflected in the forthcoming revaluation. The rash of retail collapses will change the face of many high streets and retail parks and there can be no doubt that in many places rental values – one of the key points of reference for the valuation services – have already fallen sharply.

The key dates, which all those with responsibility for property need to be aware of, are as follows:

- 1 APRIL 2008 – the valuation date for all new assessments.
- 1 SEPTEMBER 2009 – Draft Valuation lists will be published and ratepayers will be able to check that their assessments are based on factually correct information.
- FEBRUARY/MARCH 2010 – Billing Authorities will issue rate bills for 2010/2011 rate year based on the new valuations.
- 1 APRIL 2010 – the new figures come into force and can be appealed.

The new Rateable Values will determine your rate liability for the following five years. It is imperative that you make sure that yours is correct – if you are not 100% clear about what this means to you and your business, call us.

Empty rates burden

In April 2008 the Government announced changes to the rules governing payment of rates on empty property. Retail and Office premises, previously subject to 50% charge after three months moved to 100%. Industrial and warehouse premises, previously exempt, moved to 100% liability after six months vacancy.

This unwelcome increase in liability has been widely condemned by property owners and the property industry, particularly in view of the current economic difficulties. Despite the well-argued pleas of pressure groups, the only concession the government has so far made is to extend exemption to properties with an RV below £15,000 with effect from 1 April 2009.

Owners of vacant property, particularly warehouse and industrial units, may never have bothered appealing against their assessments, but it is still possible to do so. Other potential avenues of appeal include situations where property is:

- Beyond economic repair.
- Undergoing refurbishment.
- Obsolescent.
- Awaiting redevelopment.

CASE STUDY

A Mason Owen client owns a 1960s city centre office block. A major tenant occupying three floors relocated elsewhere leaving the client with an empty rate liability in excess of £45,000 per annum.

Acting on advice from Mason Owen, the owner has commenced works of refurbishment to one of the floors. Our Rating team has successfully negotiated the removal of this floor from the valuation and the separation of the other two floors, resulting in a refund of over £16,000 and an ongoing saving of more than £15,000 per annum.

M.C.C (Material change in circumstances)

- Has something relevant changed in your vicinity?
- Is it ongoing and likely to continue for more than three months?
- Is it causing disruption to your business?

If the answer to the above questions is "yes" then it may be possible to obtain a temporary reduction in your Rating Liability – contact us to discuss.

Not too late to appeal

New Rateable Values come into force in April 2010. But what about your current assessment which came into force in 2005? If you haven't yet appealed it, IT IS NOT TOO LATE TO DO SO. The obvious benefit of a successful appeal is a refund of overpayments – potentially back to April 2005 and the possibility of a reduction in your future liability.

We never submit an appeal without first checking the facts. Assessments can go up as well as down, and the Valuation Office Agency has a duty to correct any errors it finds. Our clients benefit from a pre-appeal investigation service which includes an inspection of your property, making relevant enquiries and providing you with a written report setting out our recommendations and your chances of a successful appeal.

Beware of cowboys

It is very likely that you have been approached by any number of companies offering no-win, no-fee deals and making extravagant claims about the rate savings they can achieve for you. The old adage "If something seems too good to be true, it usually is" applies here.

While these offers may appear superficially attractive, you need to consider the downside if an ill-considered appeal results in an increase in your liability. In many cases, these companies employ unqualified or inexperienced staff to process appeals as quickly as possible, and often fail to prosecute an appeal to the fullest extent. You should never:

- Agree to pay fees up-front.
- Sign a contract which commits you to instructing a company to act beyond the revaluation in force.
- Pay fees based upon savings over a period longer than one rate year.
- Allow appeals to be submitted without a pre-appeal investigation.

To avoid expensive mistakes, you should always consider instructing a Chartered Surveyor with a proven track record of success in the field: a specialist who will be obliged to act for you in accordance with a strict regulatory framework.

CASE STUDY

in 2005 an occupier of a shop in Liverpool City Centre experienced a 25% increase in assessment following the revaluation. He instructed a firm of agents who submitted an appeal without carrying out sensible investigations. Upon dealing with the appeal, the Valuation Office Agency increased the assessment by a further 35%.

If you would like to know more...

Call Greg Davenport or Paul Moran on 0151 242 3000
email greg.davenport@masonowen.com or paul.moran@masonowen.com
or visit us online at www.masonowen.com

NB: Whilst all reasonable steps have been taken to ensure the accuracy of written and photographic content, we cannot be held responsible for any inadvertent errors or omissions.

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property consultants

Gladstone House, Union Court, Liverpool L2 4UQ | T: 0151 242 3000 | Also at London, Edinburgh, Chester and Dublin.
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