

Business Rates

Everything you need to know about 2023 revaluation

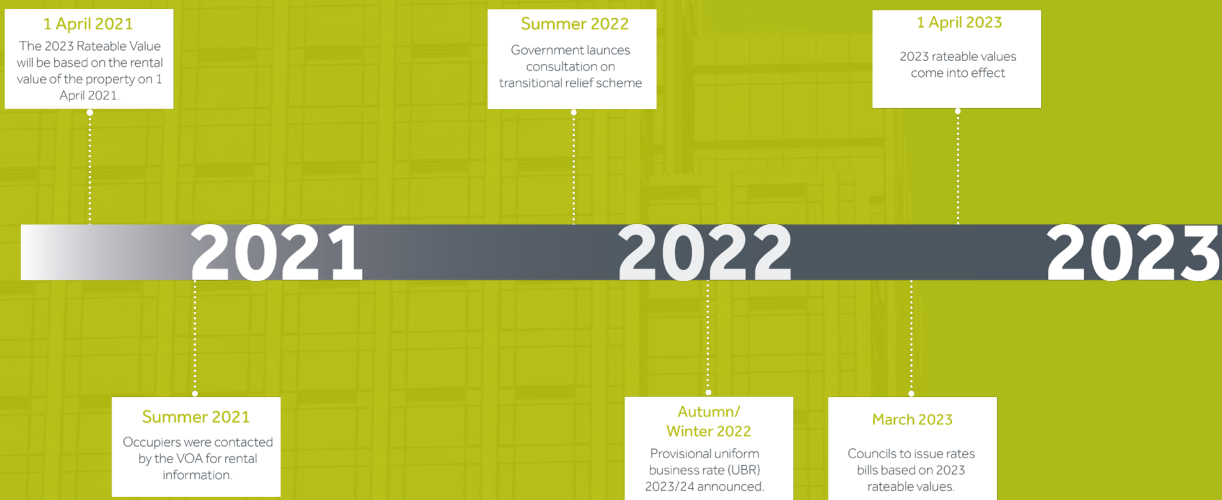
With commercial property occupier's financial performance having taken a battering over 2022 with rampant inflation, high fuel bills and rising running costs, 1 April 2023 may bring the start of fresh pain for occupiers in some property sectors with a Business Rates revaluation.

What is a rateable Value?

Rateable Value is based on an assessment of the annual rent the property would rent for if it were available to let on the open market at the fixed valuation date. This is assessed by the Valuation Office Agency (VOA).

Over two million properties in the UK are liable for Business Rates.

So how did we get here?



How much will I pay?

Whilst the Rateable Value is a fixed assessment, the amount an occupier may have to pay is dependant on various factors. The standard multiplier for properties with a Rateable Value over £51,000 is 51.2p and is applied to the Rateable Value to calculate the rates payable. For properties with a Rateable Value below £51,000, the multiplier is 49.9p (Small Business Rate). These rates apply to properties in England and Wales. In London, Business Rates are higher at 51.19p for small businesses and 52.40p for other businesses.

Currently, 100% Small Business Rates Relief may be available for properties with a Rateable Value of £0-£12,000 and Tapered Relief available for those between £12,000-£15,000.

The Government announced in its Autumn Statement that the Uniform Business Rate and Small Business multiplier will remain frozen at the current levels until April 2024.

Business Rates

Everything you need to know about 2023 revaluation

Why is the revaluation important?

Property markets have moved considerably since the last valuation date of 1 April 2015 which is when Rateable Values were last calculated. Rates payable under the old assessment are payable until 31 March 2023, thereafter rates payable under the new valuation date will come into force based on a valuation date of 1 April 2021.

What does this mean for occupiers?

As Rateable Value is based on rental value, falling rents on the high street and rising rents in industrial estates and up and down the country are now going to impact occupiers.

Long suffering retailers are going to see significant reductions in their rates liability whereas those in the industrial and logistics sector are likely to see large increases.

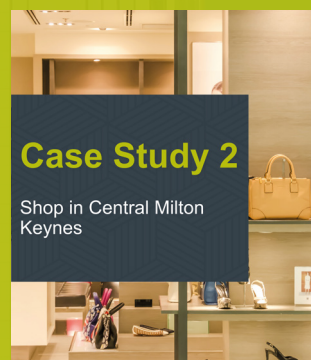


Case Studies



Case Study 1

A standard 1970s industrial unit in Luton in a secondary industrial location in Luton. This property totals circa 8,500 Sq ft. This occupier will see their Rateable Value rise from £36,500 per annum to £57,000 per annum, a 56% increase.



Case Study 2

A shop in C:MK shopping centre, Milton Keynes totalling 1870 sq ft. This occupier will see their Rateable Value reduce from £119,000 per annum to £57,000 per annum, a reduction of circa 50%.

What is transitional relief?

Transitional Relief limits how much a Business Rates bill can change each year as a result of Business Rates revaluation. This means changes to your bill are automatically phased in gradually, subject to eligibility criteria being met.

Businesses can now benefit from an immediate reduction in their Business Rates following the removal of downwards transitional relief.

Business Rates

Everything you need to know about 2023 revaluation

How much can my bill change by with Transitional Relief?

Rateable Value	2023 to 2024	2024 to 2025	2025 to 2026
Up to £20,000 (£28,000 in London)	5%	10% plus inflation	25% plus inflation
£20,001 (£28,001 in London) to £100,000	15%	25% plus inflation	40% plus inflation
Over £100,000	30%	40% plus inflation	55% plus inflation

We can help

Kirkby Diamond is a full-service firm of chartered surveyors and property consultants. We offices in Bedfordshire, Hertfordshire and Buckinghamshire works with local and national clients to offer a total solution to their surveying and commercial agency needs. For information on how we can assist you on ensuring your building is compliant with Energy Efficiency regulations please contact us.



info@kirkbydiamond.co.uk



01908 678 800