

# NEW VALUATIONS FOR PROPERTIES

**Administrative disruption seems likely given plans by the Valuation Office Agency to rush through revaluations of some 1.5 million business premises in time for 2005. However, appeals are still being heard even now in the wake of the 2000 revaluations. The key warning: don't ignore the VOA's paperwork.**

The VOA intends to have all valuations complete by 31 May 2004, though it is endeavouring to work to a "right-first-time" programme so as to minimise the number of appeals in future. (The VOA is the Inland Revenue's executive agency responsible for rateable values for business properties and ensuring domestic properties are correctly banded for council tax purposes. The Scottish counterpart is the Assessor's Office.)

Property experts NAI Fuller Peiser say, however, that the Local Government Bill, currently making its way through parliament and due to hit the statute books this autumn, will result in larger rates bills for many larger occupiers from 2005.

There will also be "permanent" transitional arrangements that will result in a smoothing of the increase in rates bills for businesses facing a sharp increase. But since the arrangements are supposed to be self-financing, there will be a comparable deceleration in the speed at which businesses will benefit from any bill reduction. This proposal also complicates the calculation of annual rates bills, warns NAI Fuller Peiser.

## Revaluations

The VOA has an ambitious plan, not only to complete property revaluations in record time but to make them as accurate as possible so as to reduce the number of businesses that feel able to lodge an appeal against the valuation of their premises. However, the problem is that businesses will have to pay more attention to requests for information rather than engage in the five-yearly ritual by which they completely ignore the 'non-domestic rating rent return forms' or 'forms of return', while the VOA seeks no redress.

While this wasteful procedure is hardly best practice, businesses will have to be aware that the proposed legislation would make it a civil offence to fail to provide a return (as has already been achieved in Scotland). At present, it is proposed that the fine be £100, rising by £20 per day if a return is not completed within 56 days.

The VOA intends to make all summary valuations available on its website, which may increase transparency, but equally may encourage businesses to appeal against their valuation.

Paul Danks, market and services partner at NAI Fuller Peiser, says that because of the number of properties involved, thousands of valuations will be wrong, but warns that the regulations and the time restrictions for submitting appeals are becoming more complicated. "A poorly conducted appeal can set a precedent for later appeals as well as close the door for retrospective savings," he adds.

Moreover, in certain sectors such as logistics/warehousing,

where there are few deals and hence little hard evidence of open market rental value, the VOA may set rateable values based on a few high-profile but unrepresentative deals, Danks adds.

## Bigger bills

The new local government legislation will give the Secretary of State the right to increase the National Business Rate in April 2005 so as to recoup rate income lost because of concessions to smaller businesses. NAI Fuller Peiser expects an increase in the poundage for medium- and large-size businesses of 3% over and above the increase arising from property revaluations.

Moreover, while businesses were assured when the rates system was introduced in 1990 that the poundage would not increase by more than the retail price index in between valuations, the proposed laws would allow for the multiplier to be increased by more than the RPI so as to compensate for successful valuations appeals.

Again, the scheme is intended to be self-funding so that those benefiting from the arrangements are financed by those that are not able to lodge a successful

valuation appeal. "This change will make forward budgeting of rate liabilities more difficult and, inevitably, will add to business property overheads, hence making success at appeal even more important," says NAI Fuller Peiser in a note to clients.

Andrew Sawers

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## Useful links

- NAI Fuller Peiser's website is at [www.fuller-peiser.com](http://www.fuller-peiser.com)
- The Valuation Office Agency can be found at [www.voa.gov.uk](http://www.voa.gov.uk)
- The Local Government Bill is available at [www.parliament.uk](http://www.parliament.uk)

## The VOA timetable

**1 April 2003** Antecedent Valuation Day: date at which 2005 revaluation assessment will be based

**October 2003** Expected date of passage of local authority bill into law

**October-December 2003** VOA prepares schemes of valuation for all properties

**31 May 2004** All valuations to be completed

**June-August 2004** VOA to check details prior to issue of summary valuations

**30 June 2004** Provisional (self-financing) Transitional Relief Schemes and Business Rate multipliers to be announced

**30 September 2004** Draft rating lists produced for local authorities

**October 2004** VOA notification of summary valuations to ratepayers

**March-April 2005** New bills issued for 2005-06 year

source: NAI Fuller Peiser