



East Anglia IRRV

Re-valuation and
other current
issues in NNDR

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- ❖ Re-valuation
- ❖ Transition
- ❖ Retail Leisure & Hospitality Relief
- ❖ Supporting Small Business Relief
- ❖ Interest on Overpayments

Re-valuation 2023

- ❖ Antecedent Valuation Date 1 April 2021
- ❖ Revaluation challenges as a result of pandemic
- ❖ Limited ability to inspect
- ❖ Analysis of rents more complex e.g. dealing with 'rent free' periods
- ❖ Revaluation had to reflect growth in rents from 2015 to 2020 not just the impact of the pandemic

Re-valuation – National Summary

- ❖ 2.14m hereditaments at 22/11/22
- ❖ £70.3bn in RV compared to £65.7bn on 2017 List
- ❖ Total RV increase for England was 7.3%
- ❖ Largest Total Increase - East region 14.4%
- ❖ Lowest Total Increase - North East region 2.2%
- ❖ Retail sector showed a 10% decrease in RV, the only sector to show a decrease
- ❖ Industry sector showed a 27.1% increase in RV, the largest increase in any sector

Re-valuation Effect – Norfolk & Suffolk

	Norfolk	Suffolk
All Sectors	5.40%	8.40%
Retail	-9.10%	-7.30%
Industry	22.20%	24.20%
Offices	4.90%	9.00%

- ❖ These figures differ significantly from the 'East' Region
- ❖ However, there are still local fluctuations within these figures:
 - ❖ In Norwich the total RV has reduced by 2.0%
 - ❖ In Mid Suffolk the RV has increased by 15.3%

Transition 2023

- ❖ The transition scheme has previously been self funding – but not for 2023-26
- ❖ Transitional Relief for those properties where RV has **increased** has previously been funded by a Transitional Premium for those properties where the RV has **decreased**
- ❖ But, there is no Transitional Premium in the 2023 scheme, so the scheme is being funded by Central Government instead

Transition 2023

- ❖ 3 year scheme
- ❖ Small properties up to & inc RV £20k (£28k in London)
- ❖ Medium properties RV more than £20k up to £100k
- ❖ Large properties greater than RV £100k

Year	Small	Medium	Large
2023-24	5%	15%	30%
2024-25	20%	25%	40%
2025-26	25%	40%	55%

- ❖ 24-5 & 25-6 caps are before inflation

Transition 2023

- ❖ Only phases in effects of RV changes (increases)
- ❖ Does not phase in SBRR changes (Supporting Small Business Relief does that)
- ❖ SBRR “supplement” outside transition as before
- ❖ Same certificates as before (although regulation numbers may differ)
- ❖ Certificates should be issued automatically by VO
- ❖ Hereditaments with zero RV at 31/3/23 are excluded from transition

Retail, Hospitality & Leisure Relief

- ❖ Provides eligible, occupied, retail, hospitality, and leisure properties with 75% relief
- ❖ Cash cap of £110,000 per business (across all their hereditaments in England).
- ❖ Awards will again be made using discretionary relief powers under section 47 of the Local Government Finance Act 1988
- ❖ BA's reimbursed under Section 31 of the Local Government Act 2003

Retail, Hospitality & Leisure Relief

- ❖ Occupied hereditaments which meet all of the following conditions for the chargeable day:
- ❖ Wholly or mainly being used:
 - ❖ i. as shops, restaurants, cafes, drinking establishments, cinemas or live music venues,
 - ❖ ii. for assembly and leisure; or
 - ❖ iii. as hotels, guest & boarding premises or self-catering accommodation
- ❖ No change from 22/23 scheme

Cash Cap and Subsidy Control

- ❖ No ratepayer can exceed the £110,000 cash cap across all of their hereditaments in England
- ❖ Considered as one ratepayer where:
 - ❖ a. where both ratepayers are companies, and
 - ❖ i. one is a subsidiary of the other, or
 - ❖ ii. both are subsidiaries of the same company; or
 - ❖ b. where only one ratepayer is a company, and the other ratepayer (the “second ratepayer”) is not a company but effectively the holding company of the other.

Cash Cap and Subsidy Control

- ❖ Retail Hospitality and Leisure Relief Scheme is likely to amount to subsidy.
- ❖ Any relief provided by Local Authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations
- ❖ £315k subsidy limit – 3 years up to and including 2023/24
- ❖ See BEIS guidance for new UK subsidy control regime, which commenced on 4 January 2023.

Supporting Small Business Relief

- ❖ This is a S47 Discretionary Relief Scheme
- ❖ Its purpose is to limit the bill increase for those ratepayers where an increase in their RV at the Re-valuation has resulted in their Small Business Rate Relief/Rural Rate Relief being reduced or lost
- ❖ Scheme caps bill increases at £600 per year where the increase is due to losing eligibility for some/all Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation
- ❖ Those on 2023 SSBR whose 2023 RVs are £51,000 or more will not pay the supplement (1.3p) to fund small business rate relief while they are eligible for 2023 SSBR

Supporting Small Business Relief

- ❖ Charities and CASCs not eligible (they can't get SBRR or Rural Relief)
- ❖ Businesses continuing to receive support from 2017 scheme in 2022/23 - if still eligible for 2023 scheme their eligibility will end 31 March 2024
- ❖ Change of occupier doesn't end SSBR but property becoming vacant or occupied by a charity/CASC does
- ❖ No SSBR if SBRR is lost due to taking on another property (if given 12-month period of grace before relief ended - can continue on the 2023 SSBR scheme for the remainder of this 12-month period)

Interest on Overpayments

- ❖ Non-Domestic Rating (Payment of Interest) Regulations 1990
- ❖ Where overpayment results from alteration to Rating List
- ❖ No interest if payment made after liability order issued
- ❖ Where alteration made by an order of a Valuation Tribunal or the Lands Tribunal, not required to pay interest for a period of 35 days from the date of the order
- ❖ Interest Amount – 1% less than bank base rate on 15 March (or next business day) of the preceding year (calculated to 2 decimal places – 5 ten-thousandths and below round down)
- ❖ Base rate reduced to 0.5% 5 March 2009
- ❖ Interest rate set to 0
- ❖ Base rate as at 15th March 2023 was 4% - hence for our purposes we use 3%.

Interest on Overpayments

❖ Section 369 (2) Income and Corporation Taxes Act 1988

- ❖ Income Tax deductible from interest payments – sole traders, non-UK companies

❖ Tax not deductible

- ❖ UK Company
- ❖ Partnerships where each member is a company (e.g. solicitors, accountants)
- ❖ Non-resident company where interest payment will be taken into account when calculating Corporation Tax
- ❖ Exempt from tax – local authorities, health authorities, registered charities

Interest on Overpayments – Relevant Period

- ❖ Period commencing on the 1st April of the year in which the repayment is due, ending the day before payment is made; or
- ❖ Part of the period if the persons liability is for a lesser period; and
- ❖ Any other complete year; or
- ❖ Any part of another year where liability exists

In Conclusion

- ❖ Following on from the pandemic, Business Rates teams are starting to think about returning to BAU
- ❖ But with the re-valuation, that doesn't mean that there's a reduction in workload
- ❖ And NNDR could become politicised in the run up to the next general election

Any Questions?





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