

RATE THRESHOLD INCREASE: A GIFT OR NOT?

Political commentators say that April 2010 will be remembered for the first televised party leaders' debates in advance of the UK General Election however, closer to home, commercial property owners may be just as interested in the fact that the threshold for empty commercial properties has increased from £15,000 to £18,000



Peter Daniels, associate solicitor with Kent-based Stephens & Son LLP, welcomed this increase as very good news but he cautions commercial property owners to remember that it will reduce to £2,600 for financial years beginning on and after 1st April 2011 for properties in England.

Unfortunately, the business rate taxpayer has to contend with the latest rate revaluations, which come in to force on 1st April and which will seriously affect businesses.

The 2010 mini-Budget revealed that the Government will fund a temporary increase in the level of small business rate relief in England, so that eligible small businesses occupying properties with rateable values up to £6,000 will pay no business rates for one year from October 2010. Small businesses that benefit from the rate relief taper (that is, rateable values up to £12,000) will also be entitled to significant reductions; this will reduce the burden on small businesses.

Mr Daniels said: "The latest revaluation carried out in April 2008 imposes increases that are significant and range from 10% in some areas to more than double in prime locations. Even bearing in mind the economic climate in 2008, the increases appear high when taking into account that rateable values should reflect the rental value of premises. I fully expect that there will be a large number of rating appeals"

Combined with his extensive knowledge of the Medway towns and the observations of a number of local surveyors, Peter is concerned that the rateable value increases appear to be unreasonable and /or unjustified, particularly when compared to similar properties which have received lower valuations.

And if owner / landlords do appeal they might be in for an unpleasant surprise – after the last revaluation there were a number of questionable organisations which undertook work on behalf of aggrieved owner / landlords to appeal against their new property ratings. On receipt of a fee, these companies either did not deal with the appeal at all or, if they did, they handled the appeals badly.

As a rule, it is surveyors who deal with rating appeals, although solicitors often undertake work where clients have entered into a contract with these 'cowboy' firms who, by the time the matter reaches the lawyers desk have either vanished or the contractual terms agreed to are so severe that the unscrupulous firms are absented the level of non-service provided.

Peter's recommendation is to use a reputable Chartered Surveyor or similarly qualified valuer to undertake rating appeals. Chartered Surveyors who are members of the Royal Institution of Chartered Surveyors can be found at <http://www.rics.org/findasurveyor> <<http://www.rics.org/findasurveyor>> .

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