Continued high inflation could impact the expected business rates hike

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While many were shocked – experts included – that the month-on-month inflation fell from 10.1% in July, to 9.9% in August, it is still very close to the UK's forty-year record high. However, now specialists are worried that if inflation continues at this level for the month of September, then this could indicate that business rates for commercial properties will rise in the next revaluation by over £2 billion. An increase which many businesses will simply not be able to face.

Business rates are set at each revaluation for a period of time known as a rating list. The current rating list, running from the 1st of April 2017 until the 31st of March 2023, was extended due to the pandemic in an attempt to ease the burden on businesses. Now with revaluation once more looming on the horizon, business owners and leaders are increasingly nervous as to what another rise could mean for their businesses.

For future rating lists (from the 1st of April 2023), the government have shortened the period of time in which the rating list will cover. This, business rates reduction specialist RVA Surveyors says, is an attempt to make business rates liability more in-line with up-to-date market rents; supposedly lessening the impact of sudden changes on businesses outgoing costs.

According to statistics published by the Valuation Office Agency (VOA), by March 2022 less than 40% of businesses in England and Wales have reviewed their business rates. A number that is considerably low, when parliament found that by January 2022, there were 1.9 million registered businesses in the UK. The move to a three-year rating list is intended to lessen the impact of sudden changes in business rates, but with a predicted hike of up to 12% in the next revaluation, whether this will help is yet to be seen.

These figures paint a picture of a wider business community that is either unaware, sceptical, or simply too busy with the current economic climate, to think of challenging their business rates.

Anthony Hughes, Managing Director at RVA Surveyors, said: "Business rates has seen an upwards-only trend for years, and it is past time for the government to step up and sort out an increasingly outdated tax system. We need to see from Truss's government that help for businesses is paramount in the coming days; not only to help businesses stay afloat, but to keep employment levels steady as well. Businesses have been suffering from escalating overheads, and a potential business rates hike on this scale could see many businesses closing their doors."

As bills continue to soar, and speculation
as to when businesses will receive help from the government runs rampant, business owners and leaders must take steps to create savings where they can.

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