

Do you know how your business rates are calculated?

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We are predisposed to believe that taxes are calculated both fairly, and correctly. This is not always the case. Mistakes can be made, and when calculating business rates liability this is certainly true. The Valuation Office Agency (VOA) sets the rateable value (RV) for each commercial property at each new revaluation, which in turn determines the amount of business rates liability. However, if just one room of a commercial property is incorrectly assessed, then the liability for that property could be exponentially more than it should be.

“If the Valuation Office Agency (VOA) and the government truly wanted to create a fair and transparent property tax,” Anthony Hughes, Managing Director of the business rates reduction specialists [RVA Surveyors](#), explained, “all they need to do is inspect every commercial property to ensure that commercial property owners and tenants are being charged reasonably. Given the levels of staffing – particularly surveyors – in the VOA, they could achieve this within a twenty-four-to-thirty-six-month period with relative ease.”

This timeline would work perfectly in the upcoming 2023 rating list.

How will the new rating list affect how your business rates are reviewed?

The provisional rating list was scheduled to be released at the beginning of October 2022, but was not published until late November 2022. This significantly delayed business owner's and leaders' ability to create an accurate financial plan for the upcoming revaluation.

In October 2022, the Office for National Statistics ([ONS](#)) found that over 40% of firms had no, or limited cash reserves for the subsequent three month period. A situation, when paired with the incoming business rates hike in April, that is unsustainable for many businesses.

The VOA's stated overall RV is 7.1% for England and Wales, but when you account for the artificially inflated multipliers, the 2023 revaluation is likely to see an increase in overall RV of at least 14%. This is almost [double](#) the VOA and governments stance. Of course, this is not reflective of how individual industries or even local authority areas will see average RV increases of a much higher value. The Centre for Retail Research [found](#) that more than 17,000 shops closed in 2022 – around 47 per day. With the multiplier frozen at its highest level since 1990 and exponential increases in RV on the horizon, the reality of shop closures is much higher and could only continue to rise.

Quite simply, business rates as a tax is something that commercial property owners and tenants are fast being unable to afford.

“If one room, one measurement – one single piece of evidence – is incorrect or missing, the VOA could dismiss the whole case. With less than fifty days until the next revaluation, it is imperative that commercial property owners and tenants investigate their business rates now.” Anthony Hughes added. “After the 31st of March they won't be able to claim back any backdated savings from the 2017 rating list.”

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