

Has the government done enough for business rates payers?

Tuesday 4 April, 2023

As the 2023 rating list begins (from the 1st of April), business rates payers are becoming ever more restless as they try to mitigate significant increases in their liabilities. From Saturday, those who own, rent, or manage a commercial property will have seen the amount of business rates that they pay, change. Yet another bill on top of the rising overheads that business owners and leaders do not need.

While the Valuation Office Agency's (VOA) official [statistics](#) put the overall rateable value (RV) increase at 7.1% for England and Wales, many will have seen on their individual rates bills that this is not the case. Depending on the sector, subsector, and even geographical location, many business rates payers will have seen a significant increase in their rates bill. Such as in the retail sector – the only sector that the government has advertised will have a decrease in RV – where subsectors such as Pharmacies (within/adjacent to a surgery/health centre) will have seen an increase of 13.9%.

Subsectors in the industrial sector will have seen even more substantial increases, with the VOA stating that RVs for Workshops (within/part of a specialist Property) will see increases of 32.1%, while Builders Merchants will see increases of almost 25%. Overall, the general industrial sector is expected to see an average increase in RV of 26%. These increases are far beyond the VOA's stated overall increase for England and Wales.

These hidden increases will impact both business rates payers and the general public alike, as the far-reaching consequences of these RV increases will mean that businesses will have no choice but to push up product prices.

Do you think the government has done enough for your business rates?

The independent business rates reduction specialists, RVA Surveyors looked at the VOA's expected increase compared to what they are seeing with individual properties. They found that while an overall low increase for England was quite fair, the VOA had not considered or explained properly that this does not reflect individual business rates.

"The VOA did not clarify this well enough." Anthony Hughes, the Managing Director of [RVA Surveyors](#), explains. "While there may be a small overall increase in RV for England and Wales, this has not been explained satisfactorily to business rates payers. As a result, we are seeing a more panicked market that is worrying about their rates bills more than ever. They are looking for clear, and concise guidance on how to manage and reduce their updated business rates liability."

Inflation hit a [45-year](#) high in February. Interest rates were hiked once [more](#) in March – and for the eleventh consecutive time as well. While the skyrocketing cost of energy is certainly a main contributor in both hikes, its impact goes much further than the Consumer Prices index. Costs are rising across the board, and unclear information or advice will result in businesses struggling to keep afloat.

Small and medium-sized businesses (SME's) will be hit hardest by this lack of communication, as they quite simply may not have the manpower to spare to investigate their business rates.

For business rates payers across England and Wales, the last thing they need is yet another stealth increase in their outgoing costs. Yet, being misinformed – as unintentional as it may be – acts as its own tax as it eats away at what might have otherwise been an exceptionally sound financial plan; or already existing savings. Without the direction to access the information pertinent to their own situations, business rates payers of SME's will be left behind. One thing is certain however, the rise in business rates will shortly equal an increase in rent for tenants of commercial properties.

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Company Contact:

[RVA Surveyors](#)

T. 01614645977

E. press@rvauk.com

W. <https://www.rvasurveyors.com/>

Additional Contact(s):

molly.jackson-holm@rvauk.com

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