Will the government's fiscal statement soften business rates shock?

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On Friday 23rd September, Chancellor Kwai Kwarteng is expected to reveal a 'fiscal statement' – in effect, a small budget expected to outline further tax cuts. It is also speculated that Kwarteng will reveal the estimated cost of the government plans to cap energy costs, for both domestic and commercial properties.

Business owners and leaders across the country will be hoping that this fiscal statement will include more information about the expected business rates hike in the next revaluation (from the 1st of April 2023). 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.

While the announcement of the next rating list changing to a period of just three years has already circulated, there is much speculation still as to just how much business rates will rise. Experts have widely predicted that business rates will rise by up to 12% - over £2 billion is the expected amount. This rates hike, in which the Valuation Office Agency's (VOA) ballpark figure will be announced in the coming weeks, is another blow on top of increasing overheads, and decreasing help from the government.

Declining help from government another blow to businesses

In response to the pandemic, the government brought in a covid relief package for businesses across the UK. This £1.5 billion package was distributed to the affected businesses, at the discretion of local councils. A move that saw a very uneven delivery – with a predicted third of all businesses that applied for the covid business rates relief, received no help at all.

With the covid relief set to end in all but a few councils, business owners must turn to other avenues to seek help. Given that many other reliefs have also ended, it is no surprise that business owners and leaders are struggling to create savings in a notoriously outdated tax system.

Anthony Hughes, Managing Director of the business rates reduction specialist RVA Surveyors, said: "Business rates has seen an upwards-only trend for years, and we need to see from this fiscal statement from the Chancellor must contain effective pathways to help businesses manage the expected business rates hike. The government must step up and start delivering support, as well as building confidence in British businesses."

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