With a post-Covid economy slowing down and fears of a recession on the rise, what more can business owners and leaders do to cut back?

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Nobody wants to be the business that ups its prices just for profit. In a time of controlled consumerism, where the public and businesses are more wary of spending on anything that is non-essential, business owners and leaders are cautious of losing any more business than what is already happening.

Finding a sustainable and socially conscious way of creating savings without cutting back on quality is a hard line to walk. People want to pay the right price for the right product, but as prices start to rise, buyers inevitably start cutting back themselves. The Office for National Statistics (ONS) have found that the price of low-cost grocery products have increased at a faster rate than more expensive goods. The ONS noted that between April 2021 and April 2022 in particular, that some everyday items rose 15% or more – with pasta leading the charge with a price increase of 50% during this time.

The quality of services provided however is not the only problem that business owners and leaders face in a potential recession. Small and medium businesses (SMEs) especially are often the lifeblood of any community. They not only provide services, but jobs – livelihoods. As prices on essential items (such as groceries) continue to rise, people inevitably start weighing up the cost of asking for a fair pay rise from their employers.

For SME's, it is hard to compete with the larger companies due to a lack of buying power. When the decision comes down to whether to cut back on hours or to look for cheaper suppliers (and therefore cheaper product), the moral choice is not always clear. Most businesses at this point are looking for any way in which to reduce costs, but there is one place that is relatively untouched.

Business rates are often the last thought on any commercial property owner/tenants mind, but as inflation soars, business owners and leaders are looking for any way to create savings.

Currently, local authority's keep 50% of the income from the business rates they collect. The other 50% goes to central government, where it is supposed to then be divided into grants for other local authorities across the UK. On average, business rates raise around £25 billion per year across England and Wales , and this figure is expected to rise to £30 billion in the coming years.

The current Rating List – the list of commercial properties Rateable Values (RV) held by central/local government during a specific period of time – is coming to a close, and generally that would mean that the time for business owners and leaders to see about getting a reduction in their business rates is closing. However, given the post-Covid economy, the government have continued to revise business rates for the next Rating List beyond the Antecedent Valuation Date (1st April 2021). This has included that ratepayers can continue an appeal against their business rates in the previous Rating List (1st April 2017 to 31st March 2023) beyond the end date, as long as the first stage of the Check, Challenge, Appeal (CCA) process has been confirmed.

This decision has sparked more calls for regulation with the upcoming revaluation – one of which is that the 2023 Rating List will only run for three years.

Some believe however that the government could do more with business rates to help businesses. The Treasury has come under recent pressure to pursue a reduction in business rates, with organisations such as the CBI calculating that the tax on commercial properties in the UK are 50% above the G7 average (as a proportion of GDP – Gross Domestic Product) .

"A fairer business rates tax system is the ultimate goal," said Anthony Hughes, Managing Director of business rates reduction specialist RVA Surveyors. "We have found that 50% of the properties that engage with us could achieve a reduction in their business rates. But the government need to do more than just schedule rates reviews. Businesses are coming out the other side of the pandemic to higher costs across the board. Some relief schemes are ending soon and with that, a lot of help for the businesses that are struggling the most."

The number of reliefs available to business owners and leaders is dependent on relative eligibility criteria. Reliefs in England and Wales can be applied to any manner of business, and for a comprehensive list and possible eligibility, RVA Surveyors suggests checking the VOA website. While reliefs can be an

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unexpected boon to commercial property owners and tenants, the life-expectancy of them is shaky at best as central government often change or abolish them completely.

“With the political landscape as it is, candidates for conservative leadership need to commit to helping businesses navigate rising inflation and the cost of living crisis.” Anthony Hughes commented.

“Focusing on just slashing taxes is not going to help in the long-run. What the UK economy needs is business owners and leaders that are able to grow and invest not only in their own businesses, but also their local communities.”

With experts widely predicting that UK business rates will increase by as much as 12% in the new Rating List, business owners and leaders need to start investigating potential reductions in their business rates as soon as possible. A report compiled by Centre For Cities highlighted four key problems that commercial property owners and tenants found with business rates: business rates are too complex, they discourage investment, they do not reflect local economic realities, and finally, that business rates do not boost local growth.

Insolvencies across England and Wales have increased by 81% between April-June 2022 when compared with this time last year , it is clear that the government needs to take a long hard look at what else can be done to help businesses and stimulate the economy.

Company Contact:

RVA Surveyors

T. 01614645977
E. press@rvauk.com
W. https://www.rvasurveyors.com/

Additional Contact(s):
molly.jackson-holm@rvauk.com

View Online

Additional Assets:
https://www.rvasurveyors.com/
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