

# BUSINESS RATES

## ARE YOU AWARE?

Business rates can be charged on most non-domestic properties including shops, offices, industrial units, holiday lets and factories. In general, farmland and buildings in agricultural use are exempt although there are exceptions.

The Valuation Office Agency (VOA) is responsible for calculating the Rateable Value for a property which should represent the rental value, i.e. as if it were let on the open market at a set point in time and based on evidence of actual rents. The last general revaluation came into effect in April 2017 and prior to that 2010. The VOA start to collate evidence prior to the revaluation date; so for the 2017 revaluation this was based on rateable values for 2015. The Government has since committed to revaluing properties more frequently and the next revaluation will come into effect in 2021 and thereafter every 3 years. It is understood that work has commenced on the next revaluation which will be based on market rental valuations as at April 2019.

With the uncertainty that Brexit brings many will consider diversification into non-agricultural activities to spread the risk and provide an additional source of income. Farm diversification includes alternative uses such as, equestrian, commercial and tourism, all of which will likely incur business rates. It is therefore advisable to factor potential business

rates into your budgets. With most commercial lettings, business rates are the responsibility of the occupier. If you have let commercial units, but are not currently being charged business rates, check that agreements allow for this to be

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passed to the tenant in the event that the building is subsequently rated. Where buildings are in mixed commercial and agricultural uses it is a good idea to make sure that rental agreements are up to date to reflect the use of the building.

For small businesses whose property has a rateable value of £12,000 or less, then 100% relief might be available (Small Business Relief). For properties with a rateable value of £12,001 - £15,000 the rate of relief will go down gradually from 100% to 0%. Different rules apply to reliefs if you use more than one property. Business rates are not payable on empty buildings for 3 months but

after that initial period, in most cases, will then become payable.

At Lambert & Foster we have seen a significant increase in clients being approached on this issue as a more rigorous approach is being taken by the Valuation Office and Local Authorities. Taking this into account consider whether changes could be made to existing agreements or structures to reduce potential liability.

If you have been rated and do not agree with the rateable value then a 'Check and Challenge' can be submitted to the VOA. This can be a lengthy process and you must have the correct facts to hand to present. Caution should be taken as whilst the Rateable Value could go down there is a risk that it could also increase.

If you need help, contact our Valuation team who can talk through your options.



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