



# **BARCHESTER**

## **DISTRICT COUNCIL**

### **THE BUSINESS RATE IS CHANGING**

**To     General Trading Co  
          25 High Street  
          Barchester BR1 1AB**

The Business Rate is changing next April. The present UBR based on rental values will be replaced by a charge based on the annual rental value of the site on which your property stands.

#### **WHY HAS THE GOVERNMENT MADE THIS CHANGE?**

The government has decided to change the Business Rate to make it fairer and less bureaucratic and to bring the valuations up to date. The change makes it possible to raise more money without increasing the tax burden on the majority of tax payers. This is necessary if the government is to achieve its objectives of promoting economic recovery by cutting VAT and raising the thresholds for Income Tax and National Insurance.

To reduce the cost of valuation, we are using site values only. This means it is not necessary to inspect every property or to take account of improvements such as improvements, installed machinery, etc.

#### **HOW WE WORKED THIS OUT**

To begin with we looked at rentals across the country, based on local information from, for instance, estate agents. In areas far from the capital, rentals are little more than sufficient to cover the costs and maintenance of the building. In the most popular areas around London and the south-east, rentals are many times those for similar properties in the cheapest areas. The difference is the value of the site, the "location value".

We also looked at the cheapest and most expensive properties within each town, area and neighbourhood, to build up the complete set of values. This confirmed what everyone will already know, that shop rentals in High Street, adjacent to the railway station, are higher than those in a shopping parade in the suburbs. This gives us the land value per square metre and per metre of road frontage in the area where your property stands and in the immediate

vicinity, so that the value of your properties can be calculated.

We have also taken into account the area and length of frontage of the site.

### **HOW MUCH WILL YOU PAY?**

Taking the country as a whole, the government will raise slightly more from the new charge than from the present UBR and the national rate will be set accordingly to raise the required amount. However, because vacant and agricultural land will be subject to the charge, most existing UBR payers will pay the same or slightly less than they do at the moment. Remember also that the threshold for National Insurance contributions is being raised.

### **HOW DO I KNOW IF MY VALUATION IS CORRECT?**

You should first compare your assessment with others in the neighbourhood. It should be more than that in a quieter location but less than that in a busier one. Larger sites and corner sites are generally going to be worth more.

### **CAN I APPEAL AGAINST MY VALUATION?**

Yes, if you think your property has been assessed at too high a value and can show this by comparing it with others.

### **HOW WERE PROPERTIES IN MULTIPLE USE ASSESSED?**

The values of sites occupied by buildings in multiple use eg shops with offices of flats above, were assessed in the same way as all other sites and the value divided amongst all properties ("hereditaments") in the building. Ground floor hereditaments were allocated a higher proportion of the value than offices and flats above.

### **WHAT HAPPENS IF I IMPROVE OR EXTEND THE PROPERTY?**

Nothing. The valuation is unchanged.

### **WHAT IF I AM A LEASHOLDER?**

Under the regulations, leaseholders will be entitled to deduct a proportion of their ground rent from what they pay to their freeholders. The amount will be the ground rent payable multiplied by the rate of tax set by the council. Thus, if your ground rent is £500 per year and the rate is 23%, then you should deduct £115 from the amount you pay your freeholder.

## **WHAT IF MY TENANCY IS SUBJECT TO AN UPWARDS-ONLY RENT REVISION CLAUSE?**

No upwards-only rent revision clauses could be made after 6 April XXXX. If your landlord attempts to charge you more than you can afford, he will be liable for the site value charge on the vacant property and is unlikely to want to incur this cost.

## **WHAT HAPPENS WHEN MY TENANCY COMES TO AN END?**

Liability for the charge will pass to your immediate landlord.

## **WHAT ABOUT NEW TENANCIES?**

Under future tenancies, payment will be the responsibility of the landlord. Market rentals will adjust to take account of this change but landlords will be keen to find tenants as soon as possible. If they attempt to ask too much rent they will be faced with the cost of the annual tax charge on the vacant premises.

---

**PROPERTY REFERENCE NUMBER ZZ XXXXXX**

**25 HIGH STEET BARCHESTER**

**ANNUAL SITE RENTAL VALUE £XXXX**

**This leaflet is intended as a guide for small retailers and other traders.  
For further information please see the Council's website.**