



Business Rates Newsletter

July 2022 Update

Welcome to our latest Newsletter! With the forthcoming 2023 Revaluation, in preparation we are expecting numerous changes to the appeal process and current rates relief packages. In light of this, we will be issuing more regular newsletters to keep our clients and businesses informed.

Appeal Rights Under Threat!

Graham + Sibbald are concerned about recent changes announced by Scottish Government.

New Regulations for the 2023 Revaluation have recently been announced by the Scottish Government. [The Valuation Timetable \(Scotland\) Amendment Order 2022](#) was laid on 22 April 2022.

This confirms the following:

- The Barclay Review highlighted that “many ratepayers, including those in the public sector, have tended to lodge appeals as a matter of course” and that while everyone should have a right of appeal, the volume of appeals clogs the system and measures have been taken to reduce the number of appeals.
- The publication of the draft Valuation Roll and issuing of draft Valuation Notices confirming new Rateable Values will take place on or after 30 November 2022.
- The Government have listed over thirty property types valued using the comparative method (i.e. rents) for which the Assessor must provide the evidence for his valuation - addresses of let properties, the rental information of which was used to produce the rate per square metre applied in the valuation.
- The Scottish Government commits to exploring from 2023-2025 how more property classes might be covered from the next Revaluation, however there are issues of commercial sensitivity and data confidentiality with information used for some valuations such as business turnover.
- The [Non-Domestic Rates \(Valuation Notices\) \(Scotland\) Regulations 2022](#) came into force on 15 June 2022.
- ‘Proposals’ will now replace the former ‘Appeal’ process.
- Under the new system, Proposals can only be lodged if there is a clear reason, hence the requirement to provide supporting grounds and evidence as well as a statement to support those grounds at the point of lodging a proposal.
- A Proposal Determination Date replaces the previous Valuation Appeal Committee Hearing.
- The Assessor retains the right to refuse to consider an incomplete Proposal and must specify what information is missing and the proposer will then have to provide this information before the proposal is deemed withdrawn.
- The Assessor will not be able to postpone the last date for issue of a decision on the proposal (these will be statutorily set out), which also mirrors the current situation with valuation appeal committees.
- In response to a Proposal, the Assessor may alter the entry, or not alter it.
- Proprietors, tenants and occupiers will have four months between the publication of their draft rateable value (30 November) and the Revaluation (1 April), and four months thereafter (1 April to 31 July), therefore eight months to scrutinise the rateable value and consider whether they want to lodge a Proposal.

- Under changes proposed a legally binding agreement on value can be reached with the Assessor before Revaluation (1 April). Where such an agreement is reached, proprietors, tenants and occupiers are excluded from making proposals.

The Valuation (Proposals Procedure) (Scotland) Regulations 2022, Valuation Timetable (Scotland) Order 2022 and Valuation Roll and Valuation Notice (Scotland) Order 2022 are scheduled to be laid on 7 October 2022.

In response to the recent announcements Tim Bunker, Rating Consultant at Graham + Sibbald, stated,

“Although the changes to regular 3 year Revaluations is welcomed, and it was expected the procedures would have to be amended to accommodate the shorter appeal timescale, we have issue with some of the changes.

Firstly, the complex nature of the required information to be included with Proposals will certainly restrict Proposals from ratepayers who do not have access to comparable property evidence and the knowledge of complex property valuation.

Secondly, we are very concerned the Assessors have been given the powers to refuse to accept a Proposal from a ratepayer, or agent. This is extremely open ended with no clear guidelines, at this stage, as to the minimum information that will be required. With various Assessors throughout the country it is unlikely there will be a general standardisation adopted and this could be prejudicial to ratepayers who have a valid argument for their appeal.

Thirdly, and possibly of greatest concern, a legally binding agreement on value can be reached with the Assessor and thereby prejudice any other party who has an interest in the property. Therefore if a landlord agrees a value this would be imposed on the tenant who could not challenge that figure!

It is apparent that all Assessors Departments are well behind in the Revaluation preparation as few Information requests for rents have been issued and therefore the accuracy of valuations, based on April 2022, must be questioned. Also many rent reviews based around that date are still to be concluded and the effect of Covid still lingers over the retail and hospitality sectors.

If the government believes these changes will reduce Appeal numbers ratepayers must have confidence in a system, which is untried and tested, and believe the valuations produced are fair and can be challenged and corrected, otherwise the days of this tax system could be numbered!"

Rating Revaluation as from 1 April 2023

- The current valuation rolls in Scotland came into force on 1 April 2017, based on property values two years prior to that date, at 1 April 2015
 - Originally those values were to remain in force for five years to 2022
 - In March 2020 the Non-Domestic Rates (Scotland) Act 2020 received Royal Assent, changing rating revaluations to every three years after 2023
 - The tone date for the 2023 Revaluation will be April 2022
 - Current Rates Relief packages may also be subject to review
 - New values may move above current value relief thresholds
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At present, there are around 14 different types of rates relief available from vacant relief and charity relief to small business relief and more. This Financial Management service will help us to assist our clients and provide a review of rates bills to ensure this significant outgoing is correct but also provide input into future value changes that might occur with alterations, improvements or demolition. The system can provide individual or portfolio schedules providing budget outgoings over the full Revaluation period incorporating inflationary rate poundage adjustments.

If you are interested in this service, you can find out more via our website [here](#).

Any Questions?

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