Covid-19 Business Rate Update – 4 June 2020
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- **2021 Revaluation**

The government announced last month that the planned 2021 Rates Revaluation in England and Wales was to be postponed. This is due current business uncertainty and to avoid a Revaluation that referenced a valuation date prior to the impact of the Covid-19 crisis (as the valuation date for the 2021 List would have been 1st April 2019).

In theory the Revaluation will default to 1st April 2022, but this does leave a question over the valuation date which is normally two years prior to the Revaluation i.e. 1st April 2020. This would be a hugely uncertain valuation date and it is possible this will be changed to be a one-year gap between the valuation date and Rating List coming into force. More likely, we believe the Revaluation will be deferred a further year to 1st April 2023 and a 1st April 2021 valuation date adopted. At this stage, 2021/22 rate liabilities across asset classes will therefore be calculated by a CPI inflationary increase on the current 2020/21 figures.

In Scotland the 2017 Valuation Roll was a five year Roll from 1 April 2017. However given the issue over valuation date we understand that consideration is being given to the same issues above.

- **Covid-19 Relief Measures**

The Government announced a raft of measures designed to help businesses affected by Covid-19, however these were very much focused on small Rateable Values and those directly in the retail, leisure, and hospitality industries.

Where there are business interruptions on other property types, these are having to be dealt with through the normal relief and exemption measures. Therefore, if a property has become fully vacant an exemption from empty rates can be requested, which can be up to 6 months relief for an industrial property or 3 months on an office.

Across the renewables sector there are few examples of operational properties which have become vacant as a result of Covid-19, the one example which we have seen prevalent being waste wood biomass stations, which have had to close due to feedstock availability. To be considered 'vacant' all stock, operational equipment and filing should be removed, but items that would in theory be used by a future tenant of the building such as office furniture or operational equipment can remain. Where a property has become partially vacant, relief can be requested on the vacant areas only (the same rules as empty rates applying).

- **Material Change of Circumstance (MCC) Appeals**

Material Change of Circumstance (MCC) appeals seek to reflect the loss in value of commercial properties resulting from Covid-19, which would have a corresponding impact on Rateable Value.

An MCC appeal is an argument that the property has been materially affected by a change in the locality and if successful normally results in a % reduction in RV for the period affected. There is a strong argument for reductions especially across properties forced to close (retail, leisure and hospitality), but also on other types of properties more indirectly affected (i.e. offices), but also on some renewable assets, again waste wood biomass being an example.

For further information please contact:

Thomas Kinsey, Partner at Gerald Eve
Mark Sommerfeld, Policy Manager at REA