

Challenging business rates

Licensee guidance

A licensee's guide to challenging business rates

Taxes are, famously, one of the few certainties in life but this doesn't mean they can't be changed!

Business rates are a significant cost to pubs. The rates paid are calculated from the pub's rateable value (RV), which was based on the premises' 'Fair Maintainable Trade', as of 1st April 2017. However for many pubs circumstances have changed since 2017. This means the RV may be too high, costing licensees more than is fair. There are legitimate grounds for challenging your RV and bringing this cost down. Take care though because RVs can be too low as well as too high.

Challenging your RV can be expensive so it is important to ensure you are properly prepared and it is highly advisable to take professional advice before entering into a challenge and if doing so make sure you know the cost you are letting yourself in for.

Should I challenge my rateable value?

If you feel your rateable value has not appropriately reflected your circumstances, you may wish to challenge the rate. Often, the grounds to challenge your rateable value have to be a 'material change in circumstances'. To be 'material' a change has to be physical¹. This means that a fall in trade due to the recession is not 'material'. It is necessary to focus on a physical change that could reasonably be expected to have caused a fall in turnover. For example:

- A new pub opening in your area;
- Local businesses closing down leading to a reduction in regular customers;
- Alterations to the pub have reduced the licensed trading area;
- Any other physical reason that would have resulted in a reduction in turnover had it occurred in either

¹ Physical condition is not restricted to the structure of your own property, it can also relate to the environment around the business

2010 (for challenges relating to the 2010 rating list) or 2017.

Knowing your rateable value band, and what the VOA has listed for your property, are part of good due diligence before deciding to challenge your RV. You can find the guidance agreed between the VOA, BBPA and other trade bodies for fair maintainable trade percentages here: [Valuation of Public Houses](#). To find and check your rateable value, click here: <https://www.gov.uk/correct-your-business-rates>.

How do I challenge my rateable value?

Once you have decided that you may have grounds to challenge your RV then you should consider the following steps:

- Firstly are you a tenant/leaseholder or manager. In this situation your business partner might have a retained rating consultant to help with challenging your business rates. In this situation it is advisable to contact your pub-owner and gain their support.
- If you are a freeholder or are not receiving support on business rates then it is worth considering taking professional advice. Bodies that can help with the choice of a suitable professional adviser are listed below.
- You should then build up an evidence base of why your RV is incorrect. This should include a detailed description of the changes in circumstances and dates that have led your turnover to fall since 2017. The more substantial the better your chances of success will be.

For ratepayers in England, follow the Check, Challenge, Appeal system that came into force in April 2017. Please note that penalties of up to £500 can 'be imposed where false information is carelessly, recklessly or knowingly provided' during any part of the process.

The key point to consider is whether the physical state of your business is worse off than when it was valued on 1st April 2017.

Check:

Using the website mentioned above, confirm that the details the VOA listed for your property are correct. If you disagree with the facts, then alternatives can be submitted. The VOA will aim to respond within 3 months, but if it lasts 12 months or more then this can be moved to the next stage. If a business has checked that the property details held by the VOA are correct within the previous 4 months they can progress straight to the Challenge phase.

Challenge:

At the start of the challenge phase ratepayers will need to provide:

- Grounds for the challenge
- An alternative rating list entry (rateable value)
- Evidence or other relevant information and a statement explaining why this supports an alternative entry

The VOA can accept this and amend the rating list or reject it. However, if the VOA does not agree then they will need to provide tailored information and evidence that responds fully to the evidence and alternative rating list entry put forward. Ratepayers will have the right to respond to any information put forward by the VOA. There is a statutory limit of 18 months whereby the ratepayer can move towards the appeal phase although it is expected that the majority of cases will be settled within this timescale. If no agreement has been reached the VOA will issue a letter with a summary of their decision and this will end the challenge stage.

Appeal:

The ratepayer has 4 months from the end of the challenge phase to launch an appeal. Only limited evidence can be introduced at this stage to encourage early disclosure. There will be a £300 fee at appeal level – or £200 for a small business – that is refundable if the appeal is successful.

Other ways to reduce your business rates bill

Small Business Rate Relief (SBRR):

This supports businesses with a rateable value below £15,000 with a reduction in the business rates. For those pubs with a rateable value below £12,000 a 100% discount can be applied. This tapers to zero from £12,001 to £15,000 (i.e. at £13,500 the discount is 50%). This relief is available to businesses which occupy a single property only. You need to apply to your council to receive this relief.

If the 2017 revaluation means you no longer get small business relief, your bill won't increase by more than £50 a month from 1 April 2017 to 31 March 2018.

If your property in England has a rateable value below £51,000, your bill will be calculated using the small business multiplier, which is lower than the standard one. This is the case even if you don't get small business rate relief.

The small business multiplier is 48p and the standard multiplier is 49.3p from 1 April 2018 to 31 March 2019. The multiplier rates are higher for businesses in the City of London.

Pub Specific Relief:

You'll get £1,000 off your business rates bill if you're a pub in England with a rateable value of less than £100,000.

The relief is available for the 2017 to 2018 and 2018 to 2019 tax years. Contact your local council to apply.

Discretionary rate relief:

In addition to the above reliefs local authorities have the ability to be flexible with the business rates they charge, with half of any discount applied being covered by the Treasury.

This is a general note which applies to England only. Scotland, Wales and Northern Ireland have similar schemes available but each one includes minor variations.

In the March budget 2017, the Government committed to an additional £300 million pot for Local Discretionary Business Rates Relief. This pot is administered by local authorities and tapered over three years. To see how to access this funding from your local authority, download the "BBPA Business Rates Discretionary Relief Database" located at the bottom righthand side of our Business Rates page on the BBPA website: [here](#).

Transitional Relief:

Transitional relief limits how much your bill can change each year as a result of revaluation.

This means changes to your bill are phased in gradually, if you're eligible.

You get transitional relief if your:

- property is in England
- rates go up or down by more than a certain amount

Your council will adjust your bill automatically if you're eligible.

How much your bill can change by from one year to the next depends on both:

- your property's rateable value
- whether your bill is increasing or decreasing as a result of revaluation

You stop getting transitional relief when your bill reaches the full amount set by a revaluation.

The business rates year is from 1 April to 31 March the following year. And the guidelines for relief are as follows:

If your bill is increasing

Rateable value	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021	2021 to 2022
Up to £20,000 (£28,000 in London)	5.0%	7.5%	10.0%	15.0%	15.0%
20,001 (28,001 in London) to £99,999	12.5%	17.5%	20.0%	25.0%	25.0%
Over £100,000	42.0%	32.0%	49.0%	16.0%	6.0%

If your bill is decreasing

Rateable value	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021	2021 to 2022
Up to £20,000 (£28,000 in London)	20.0%	30.0%	35.0%	55.0%	55.0%
20,001 (28,001 in London) to £99,999	10.0%	15.0%	20.0%	25.0%	25.0%
Over £100,000	4.1%	4.6%	5.9%	5.8%	4.8%

Rural Rate Relief (RRR):

for pubs that are the only pub in a rural community with a population below 3,000 and an RV up to £12,500. Relief is a mandatory 50% of rates payable. If a pub is entitled to this relief the council have the power to increase it to 100%.

If the above circumstances apply, then you should consider applying to your council for Rural Rate Relief. If both Small Business Rates Relief and Rural Rates

Relief apply, you will only receive the higher of the two.

If, on the other hand, the 2017 revaluation means you no longer get rural rate relief, your bill will not increase by more than £50 a month from 1 April 2017 to 31 March 2018.

Reminder:

Rates relief is handled differently in England, [Scotland](#), [Wales](#) and [Northern Ireland](#), so please be sure to refer to the appropriate guidance.

EU law on de minimis State Aid prevents a single company from receiving more than €200,000 (roughly £175,000) over any rolling three-year period. The reliefs above will be considered under de minimis if they are discretionary. If you are receiving any additional aid, check with your Local Authority to see if they are applying it under de minimis terms. If you own multiple estates for which the above reliefs apply, be sure that the total relief across all properties registered under one company does not exceed this amount over any three-year period.

Bodies to contact for recommended rating surveyors

- RICS
- IRRV
- RSA (Rating Surveyors' Association)
- AVLP (Association of Valuers of Licensed Property)