RAPLEYS

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Rating update: consultation on Transition details released

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From previous newsletters you will be aware that the new Rateable Values are to be made available to the public at 8 am tomorrow morning, Friday 30th September.

However, until the Government announces the rate in the pound and details of the Transitional arrangements, which will phase in the increases or decreases in liability, rating agents will not be able to give clients accurate details of their rate liability.

This morning we were notified of a consultation on Transition which will last from 28th September to 26th October and means that the Actual Transitional Regulations will not be in place until November at the earliest and there is even a mention in the document that the Regulations have to be in force by the 1st January preceding the Revaluation, so it could be that late.

For your information we have included the link to the consultation document because there are some interesting statistics on the Valuation Office's view on what is going to happen to the level of assessments in various parts of the country but also there is a major change proposed with regard to the Transition for properties with assessments above £100,000 RV.

Click here to view the consultation document.

A very interesting statistic is that the column that says "not in Transition" states that nearly a million properties are not in Transition in the first year and, that figure will go up every year as properties fall out of the Transitional arrangements.

Two options for Transition are mentioned but the Government's preference is Option 2 and this potentially means that "large" properties, mainly in London and the South East where rental values have increased significantly, could see results in rate liabilities increasing by 45% between this year and the new Rating year 2017/18. The following year it could go up by another 50% and so on, as you can see from Option 2 Transitional arrangements in the consultation document.

Option 2 has a similar effect on "Downward Cap" for the new list large properties, as the "phased" reductions from the 2010 List were slightly higher than those mentioned for the new list.

The Transition figures for what the Government is calling small and medium properties are exactly the same as for the current Rating List which only had two bands rather than the three now being proposed for the new list.

The numbers affected may not be huge but there will be significant changes in rate liability for the 49,800 properties mentioned in the large downward cap group and the 8,800 mentioned in the large upward cap group.

Until the Transitional arrangements are settled it is unlikely the Government will be able to announce the actual rate in the pound for next year which means providing the clients with accurate rate liabilities for 2017/18 is going to be very difficult, if not impossible.

One final point in the consultation document is in Point 1 which states "the Government will reduce the tax rate – known as the multiplier – to offset the overall change in rateable value" and yet when you look at the statistics immediately below, the vast majority of rate liabilities are expected to reduce as a result of the Revaluation, except in London. So is the rate in the pound really going to be reduced, or will it increase?

For more information, please don't hesitate to get in touch.