Appendix

Business Rates: delivering more frequent revaluations
Suggested Responses to the Discussion Points

The challenges of delivering more frequent revaluations under the current system

- **particular stages of the valuation process where reforms would be needed to deliver more frequent valuations:** *Better transparency on market evidence that is being collected, more general publication of proposed valuation adjustments that will be applied on particular classes of property*

- **the effect of more frequent revaluations on appeals:** *More frequent revaluations should more closely align rateable values to more up to date market evidence. This should mean that appeals become less necessary*

- **the increased risk of appeals and how could this be avoided or managed accessing the skills to deliver more frequent revaluations:** *Availability of access to market evidence is extremely important if rating revaluations are to operate effectively and to reduce the need for appeals. However, there would be a need amongst rate payers for market evidence to be adjusted to reflect current rating valuation methodology*

- **how the delivery of rating valuations could be reformed to support more frequent revaluations***: One option that could be considered is the pre- agreement between specialists and representatives of the rate payers of trend in rental values to provide broad value bands for particular classes of property*

- **collection and analysis of information to support more frequent revaluations, including the role of ratepayers:** *This has been covered elsewhere in the consultation comments*

A self-assessment alternative

- **the potential compliance regime under self-assessment:** *This has some merit as the process for income taxation is widely understood and removes the routine submission of appeals following revaluation. The self-assessment compliance framework will presumably be resourced by the VOA / government, placing a further demand on skilled valuers that may be difficult to meet in the short-medium term. Protocols around compliance for self-assessment should be designed and developed with input from the small business community to ensure that the compliance framework is proportionate and that it does not place unnecessary burden on small businesses*

- **the publishing of rental information by the VOA to assist ratepayers when they self-assess:** *Comments above apply. Greater information would be beneficial however it would need to be understood that rent passing doesn't immediately equate to rateable value. It is worth highlighting that not all properties have a rental value e.g. schools and owner – occupied property. Clarity around the penalty system for inaccurate self-assessments will also be critical, particularly for smaller businesses, and the level of penalty should be linked to the availability of evidence from the VOA to support self-assessment.*

- **the publication of rateable values of all properties under a self-assessment system:** Again, additional access to information would be useful and would help to identify anomalies in assessment.

- **the role for ratepayers:** *This would require ratepayers to have a far greater awareness of the rating process and means of valuation, leading to potential improved engagement in the process. Self- Assessment be viewed as an extra burden especially for SME's which would need to be balanced by the positives of having a more up to date assessment reflecting more accurately property market conditions*

- **specific issues relating to smaller businesses or other ratepayers for whom self-assessment could be particularly challenging:** *It is envisaged that most will seek the appointment of rating specialists in this field. This may create a supply /demand issue until the market can react. Those who are unable to or unwilling to appoint a specialist may need additional support through a help line facility if they are not be prejudiced by the self- assessment process*

A formula alternative

- **the associated move away from a link to market values:** *There is a general understanding within the business community of rental value, which hypothetical continues to provide a link to the property market. A formula proposal depending on its make-up could over time lead to confusion, disengagement and lack of appreciation the tax is related to the property occupied. However, it potentially represents a simpler and more cost- effective means of assessment*

- **the classes of property that would be suitable for a formula approach:** *Probably more suitable to those classes of property that are very homogenous, warehousing, industrial units and those where market evidence is limited or non-existent e.g. schools*

- **the factors that would need to be included in the formula beyond class of the property, size of the property and location:** *local economic data; age; construction; specific features; actual useable space compared to overall space*

- **the balance of efficiency, simplicity and certainty that a formula approach would provide against any desire to retain valuations that take greater account of the individual characteristics of properties:** *It is recognised that a formula system may well be simpler and cheaper to implement however, it could represent a real risk of being fundamentally flawed unless successfully trialled which may bring the whole system into disrepute and cause a down –turn in tax collection.*

- **the implications for businesses of different sizes:** *A formula based approach should minimise the need to engage the services of specialists which in itself will create a greater balance of opportunity between those who can pay for specialist advice and those who cannot. In general terms, a formula alternative might prove less wieldy for smaller businesses but there may also need to be a very complex structure of formulas to accommodate the ever-increasing range and type of new and growing businesses. This in itself might lead to confusion and a considerable percentage of valuations being appealed.*