IPTI Xtracts

Property Tax and Assessment News from Around the World

UNITED KINGDOM – December 2022

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M&S AND JOHN LEWIS BUSINESS RATES TO BE MORE THAN HALVED

John Lewis and Marks and Spencer on Oxford Street will see its rateable value drop by nearly 60% next April as part of the business rates revaluation, new data shows.

The Oxford Street branch of John Lewis will see its rateable value fall by 60% from £16.5m to £6.6m next year, according to data from commercial property consultancy Colliers.

Marks and Spencer, located on 456-472 Oxford Street is expected to see a 58% fall in its rateable value from £9.2m to £3.9m.

Selfridges, Reserved and Adidas on Oxford Street are also expected to see their rateable value fall by at least 40%.

More than half a million retail properties across England and Wales have now been revalued with new values based on market rates, which will be used to calculate business liabilities from 1 April 2023.

The current rateable values that are based on the last revaluation in 2015 came into effect on 1 April 2017.

Last month, the UK government unveiled a £13.6bn package of business rates support in a bid to help with "prices rising and growing uncertainty" as part of its Autumn Statement.

It will freeze the business rates multiplier at 51.2p (49.9p for small businesses) for another year until April 2024.

The government will also extend and increase the retail, hospitality and leisure relief scheme for 2023 to 2024.

Businesses with a maximum of £15,000 in rateable value in the retail, hospitality and leisure sectors will be given a 75% discount on business rates, up to a maximum of £110,000, up from 50% in 2022-23.

The downwards phasing of transitional relief will also be scrapped, which limits the reduction in liability following a revaluation. This means that businesses seeing a declining rateable value at the 2023 revaluation will benefit from the full decrease straightaway.

Retailers on Regent Street will see a smaller drop in its business rates compared to Oxford Street, with Burberry expected to benefit from a 37% fall.

This is followed by H&M and Arket, which will see their rateable value fall by 35% next April and & Other Stories, benefiting from a 25% drop.

Shopping centre stores will also benefit from business rate reduction, with River Island in Blue Water and Garage Shoes in Meadowhall expected to see their rateable value fall by 58%.

NIGHTCLUBS FACE HIGHER BUSINESS RATES NEXT YEAR DESPITE SECTOR TURMOIL

Nightclubs across the UK face higher property taxes next year despite being battered by the pandemic in the latest "hammer blow" for the sector, according to new data.

The new business rates rules unveiled in last month's budget handed many high street firms lower tax bills from April next year.

Pubs and high street shops are among those due to benefit from the revaluation.

However, new analysis from property experts Gerald Eve has found that nightclubs – which suffered particularly heavy restrictions during pandemic lockdowns – will see their bills rise on average next year.

Data shows that nightclubs will see their rates bills up by 1% on average, despite the property valuations the tax is based on taking place in April 2021 at the height of the Covid pandemic.

Valuation Office Agency (VOA) figures showed particularly sharp spikes for a number of venues.

Hackney venue Oslo faces a 376% rise in its rateable value, while Bristol nightclub Gravity has seen its value rise by 102%.

Michael Kill, chief executive of Night Time Industries Association (NTIA), told the PA news agency he discussed the higher tax burden on clubs with Government officials earlier this week.

"We are talking to nightclub owners daily at the moment and people are starting to decide if they can actually continue to keep running in this environment," he said.

"This just feels like another hammer blow at a time when it just feels like pressure on top of pressure for the industry.

"For operators, it just does not feel fair. In the past few weeks trade has dropped by about 15% because of the cost of living, costs are still going up, alcohol duty will go up on spirits in February which will really hit these venues.

"There's still energy rises on the horizon for many so higher rates is just another burden."

The trade body chief said that a number of operators had already said they will appeal over increases to their rate bills.

Experts at Gerald Eve said they had expected to see rates bills fall due to the impact of the pandemic on late-night venues.

Pubs also suffered heavily and this was reflected in the assessments carried out by the VOA, with boozers seeing their bills fall by 13.5% on average.

Nightclubs were arguably the hardest-hit businesses in the country during the pandemic.

Julian Jennings, a business rates partner at Gerald Eve, said: "Nightclubs were arguably the hardest-hit businesses in the country during the pandemic.

"They were the last to reopen during the various lockdowns, the public were told to avoid large crowds and enclosed spaces and their customer base was the last to receive a vaccine.

"When you think the revaluation assessments took place in April 2021 whilst Covid was still rampant, it's bizarre to think with all the issues facing the sector at that time that the Valuation Office thought so many valuations had somehow risen.

"Some areas did see falls, in particular central London, but the overall picture is of rises, which many would not have expected to see.

"Operators are finally starting to recover and looking forward to a successful festive season, so it will be a real body blow to be told despite all the challenges, their business rates bills will go up from April."

BUSINESS RATES IN WALES WILL BE FROZEN FOR THE 2023-24 FINANCIAL YEAR SAYS WELSH GOVERNMENT

The decision is part of a £460m Welsh Government business support package for the next two financial years

Business rates in Wales will be frozen for the 2023-24 financial year, the Welsh Government will announce in its upcoming draft Budget. The decision is part of a package of governmental support worth more than £460m over the next two financial years to help with the effects of rising costs.

All businesses in Wales will benefit from the new rates support which includes freezing the non-domestic rates multiplier (currently 0.53 which is times rateable values) for 2023-24, at a cost of more than £200m over the next two years, ensuring that there is no inflationary increase in the amount of rates businesses and other ratepayers are paying.

Earlier this month, some 15 business representative groups and industry bodies, including CBI Wales, FSB Wales and the Wales Tourism Alliance, wrote to Finance Minister Rebecca Evans urging her to match England on business rates.

The support package also includes a further £113m over the next two years to provide transitional relief for all ratepayers whose bills increase by more than £300 following the UK-wide revaluation exercise, which takes effect on 1 April 2023.

While another £140m will support businesses in the retail, leisure and hospitality sectors. Eligible ratepayers will receive 75% non-domestic rates relief for 2023-24, a rise from the 50% relief provided in 2022-23.

The Welsh Government said the package will provide a "boost to businesses across Wales which are struggling to cope with the impacts of high inflation and surging energy costs".

The package will operate in addition to permanent relief schemes from the Welsh Government which are already providing £240m of relief to ratepayers across Wales this year.

Minister for Finance and Local Government, Rebecca Evans said: “We know that businesses are feeling the pressure of spiralling energy costs and rising inflation, while they are still recovering from the impacts of the pandemic.

“We want businesses to know now that we will continue to apply substantial discounts to their rates bills, and that this package of support will help businesses to thrive in the hard times we know they are facing.”

Minister for Economy Vaughan Gething said: "We want Wales to be an attractive place to live, study, work and invest, with businesses supported to deliver a stronger, fairer, greener Welsh economy.

“The additional support we have announced today will help us provide more certainty for businesses despite rising costs. I remain fully committed to moving the economy forward by supporting businesses to grow and thrive.”

COLLIERS CALLS MPS TO CHALLENGE THE GOVERNMENT ON MANIFESTO PROMISES FOR BUSINESS RATES REFORM

“MPs must continue to challenge the Government on its progress with business rates reform,” says John Webber Head of Business Rates at Colliers, “Or all promises of a levelling up agenda will be meaningless.”

Webber’s call is in anticipation of a Parliament Backbench Business Committee Debate taking place this week, led by Peter Aldous, MP for Waveney which will be discussing the question of business rates. The debate will receive a Ministerial response.

Webber’s call is despite welcome decisions in the Autumn Statement where the Government not only froze the Multiplier but abolished downwards transition in the next revaluation, allowing rates bills to immediately reflect falling rental levels The new Revaluation in April 2023 will also provide some reprieve for retailers with rateable values (RVs) down an average of 10% for the sector and a greater share of the tax burden passing to the distribution and industrial sector – RVs averaging a rise of 27%. This will mean the likes of Amazon will see around a 38% rise in their rateable value come the new list, taking off some of the pressure of the tax burden from the high street retailer.

However, according to Webber these measures are the tip of the iceberg. "In his Autumn statement, the Chancellor was, in reality, merely putting a sticking plaster on a gaping wound." "Whilst we welcome the freezing of the multiplier and removal of downwards transition, the fundamental flaws of the business rates system remain."

These are the issues Colliers believe MPs in Parliament need to be discussing this week.

Fallout from the New Rating Revaluation List – 2023

Firstly, headline figures are obviously averages and there are still large discrepancies on the new rating list, probably unsurprising given the VOA was assessing properties in the midst of Covid when many properties were temporarily closed, or deals were being struck with landlords.

What is now becoming apparent is a two-tier system is appearing: those occupiers and owners of properties that either themselves or via agents made representations to the VOA during the assessment process appear to have been more successful in negotiating lower and more correct values.

That means the big stores in Oxford Street, or the big hypermarkets or shopping centres, will see the biggest drops in their RVs and ultimately rates bills from April 2023. But some of the smaller shop traders in market towns across the UK, often without any representation to the VOA, may not see much reduction at all. Obviously the VO they did have a difficult job to assess values – but as Webber points out, "You have to ask yourself a very simple question- what would a tenant pay to rent a pub / hotel / office or shop when on the valuation date of 1 April 2021, they either couldn't open it or if they could there were significant restrictions?

Unless this discrepancy between those well represented and those who are not is dealt with, the Government's levelling up agenda will be meaningless."

Lack of Transparency from the VOA and an Unfriendly and Ill-Equipped Appeal System

Meanwhile the valuation process that allocates shops their rateable values is not transparent. The VOA does not share the evidence that it uses to form the basis of its valuations. The only way business occupiers not happy with their RVs can access this evidence is by challenging the valuation through the "check challenge appeal" system (CCA), a lengthy and costly process for the occupier. We expect that many challenges to the valuation process will be submitted over the coming months following concern that the VOA uses flimsy evidence when conducting property valuations.

The difficulty is that the current system makes it extremely hard for businesses to appeal their assessments. Recent tinkering with (CCA) and removing the Check part of the system has only added to the confusion. The request for the annual provision of information from the ratepayer, not only confirming physical details of the property on an annal basis but also updates on rent and lease and trading information has also added a significant administrative burden.

Colliers believes the current system of appeals is therefore not fit for purpose – only those companies that can afford professional advisors get to the right answer- again contrary to the levelling up agenda. The system should be transparent, easy to access for all and allow appeals to be resolved in 12 months.

Rogue Rating Advisors– Unhappiness with rates assessments and a complicated process of dealing with appeals system will also only drive more smaller businesses into the arms of rogue rating agents who promise to negotiate lower bills, but often disappear after taking an upfront fee. Colliers say they see the numbers of such "advisors" rise every revaluation and urges the government to regulate the industry and set up a register of rating advisors, similar to the FCA, to make sure the cowboy and criminal element that prey on such businesses are kept at bay. Until reformed, businesses need the best advice from professional advisers if they are to navigate the complex CCA system.

The Multiplier (the UBR used to calculate rate bills) is still unsustainably high. Although it was frozen at 51.2 p and 49.9 p (for small businesses) for 2023-4, this is still the first time a new list has started with a multiplier over 50p which means as time moves on and the multiplier rises with inflation this figure will continue to increase.

Indeed, the Chancellor froze the UBR at 51.2p for one year only (2023/24). Business rates for retail and other sectors will therefore rise from April 2024.

Nowhere else in Europe do businesses pay half the rental value of premises in property taxes. Set at this level, business rates deter new investment in business. The UBR was just 34p when first introduced in 1990 and Colliers has long been saying it should be rebased to that level that businesses can afford. A lower UBR would reduce the barriers to entry, expansion and innovation for businesses encouraging growth and broadening the tax base, thus plugging any gaps in revenue for the Exchequer caused by a lower UBR.

Retail Reliefs The extension of business rates relief for retail and hospitality premises from 50% to 75% in 2023-4 is welcome, even though this only helps smaller retailers because it only applies to the first £110,000 of business rates paid. The OBR envisages that this relief will be removed from 1 April 2024, which would leave such retailers with a massive tax hike at that point. A tapering scheme will need to be applied.

Reform of the Sticking Plaster Reliefs System Re-basing the multiplier to something affordable will mean that the whole question of the myriad of reliefs can become simplified and resolved, as not so many businesses will need to claim them. Small Business Rates is vital to support the economy and local businesses in the community, particularly whilst the multiplier is so high, and Colliers support that. However, many reliefs have been handed out by politicians over the last 30 years to satisfy short term political and not economic goals, culminating in a system of complicated reliefs that is difficult to navigate for ratepayers. The business rates system currently comprises 12 reliefs and, in some places, there are business rates deserts - about 800,000 property occupiers who pay nothing in business rates at all due to the reliefs system. Surely everyone that benefits from public utilities and local services needs to pay something - but at a fair rate. Colliers believes reliefs should be reviewed at least every 3 years.

Extend Empty Property Rates Relief and accept that the significant amount of long term empty commercial property in England is due to a lack of market demand and long-term socio-economic factors, not because the landlord wants to keep it empty. The six months empty rates holiday should be extended to twelve months and extended from the warehouse and industrial sectors to include retail and offices.

Introduce Annual Revaluations – The Government has moved from five-yearly revaluations to three-yearly revaluations - a step in the right direction - but still far from a more equitable system of yearly revaluations. By implementing yearly revaluations, business rates bills will accurately reflect the dynamic movements of the market and allow occupiers to benefit immediately from adjustments to rateable values. The increased occurrences of significant and unforeseen events, such as the pandemic and the war in Ukraine, further emphasise the need for a system that is able to more accurately react to rapidly changing economic landscapes.

Review Plant and Machinery - There should be a wholesale and then regular review of what is or is not rateable in relation to plant and machinery. All plant that is an integral part of the trade process should be exempted from business rates as should be investment in new technology that make businesses more green/sustainable. This would allow the rating system to complement government policy and targets.

As John Webber concludes, “ In its 2019 Manifesto, the Conservative Party promised, “To cut the burden of tax on business by reducing business rates. This will be done via a fundamental review of the system.“ Sadly, it has not yet fulfilled this promise and it was disappointing to hear Michael Gove say recently there will be no time for business rates reform before the 2024 election.

Moreover, far from cutting business rates, this year's list showed a general 7.1% increase in rateable value. And looking at the OBR report it seems that the Government is now forecasting that income from business rates is only going one way- upwards. Forecasts predict the income will rise to nearly £36 billion by 2027/28 (from £28.5 billion in 2022/23), which appears contrary to the Conservatives' manifesto pledge.

Note: OBR : Income Expected from Business Rates

Year	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Income (BN)	25.4	28.5	30.3	35.2	35.4	35.6	35.9

So, these are the issues MPs must debate on Tuesday. The Labour Party has threatened to abolish business rates altogether if it gets into power - but its plans on what to replace them with remain woolly. Rather what we need is a well-managed and transparent business rates system, and we need it now. We urge MPs to call out the government if it continues to ignore the call for urgent reform and help those businesses in their constituencies floundering in this over burdensome and unfair system. Only then can the government's levelling agenda finally be achieved."

ACT NOW TO AVOID INVALID BUSINESS RATES APPEALS WARNS COLLIERS, AS LEGISLATION LAID IN HOLYROOD

THOSE affected by significant changes in their business rates bills will have very little time to digest and appeal, warns Colliers, as the 12 and 13 December sees the changes to the Scottish Appeals system and the Scottish Tribunals Service passed in parliament.

The legislation being brought in yesterday and today brings into force a new two stage proposal and appeal system. This replaces the previous single stage, more straight forward appeal system and makes the process more time consuming. The new changes will bring additional requirements in when it comes to the inclusion of more information within an initial proposal. It also transfers the Valuation Appeal Committee System and the Lands Tribunal for Scotland to the First Tier Tribunal and Upper Tier Tribunal for Scotland.

Enacted on 12 December was:

The draft Valuation Timetable (Scotland) Amendment (No.2) Order 2022
The draft Valuation Roll and Valuation Notice (Scotland) Order 2023
The Valuation Timetable (Scotland) Order 2022

The First-tier Tribunal for Scotland Local Taxation Chamber (Rules of Procedure) Regulations 2022
The Upper Tribunal for Scotland (Local Taxation Rules and Procedure) Regulations 2022

The continued delays to the changes in the Scottish business rates system have meant the very legislation that underpins fairness in the system enabling a ratepayer to formally dispute their rateable value has been pushed back to less than four months before the values in the 2023 revaluation come into force in April, warns Colliers.

The legislation is being passed through the negative procedure therefore at this point will not be subject to scrutiny.

Louise Daly, head of Rating at Colliers Scotland, commented: "With the delays to the legislation there are now just four months for the correct systems to be put in place before the revaluation date in April 2023.

"Ratepayers should have received a draft Valuation Notice by now, notifying them of their 2023 rateable values. However, they have yet to be made aware of the restrictive and extremely time limited nature of the new proposal and appeal system. This means people will need to act now to ensure that they have sufficient time to lodge a complaint proposal through the new appeals system, should that be required."

Colliers highlights ratepayers have until 31 July 2023 to submit a valid proposal which requires full details of the case. This includes all supporting evidence which cannot be added to at a later date – unless it did not exist at the time, or the Assessor allows it.

Louise continued: "The Assessor has become judge, jury and executioner for proposals; therefore it is important that sufficient time is allowed to navigate the system and ensure that ratepayers don't get caught out by the new requirements."

SCOTTISH GOVERNMENT SHOULD RECAST BUSINESS RATES FOR THE YEARS AHEAD TO HELP SAVE HIGH STREETS

David Lonsdale, director of the Scottish Retail Consortium, says there is a need for a recasting of business rates for the years ahead.

Inevitably, the Scottish Government's £45 billion Budget was dominated by the shadow of the costs crunch, coupled with sobering Fiscal Commission forecasts for economic growth, unemployment, and living standards.

Retailers breathed a sigh of relief at the decision to freeze the business rate. The industry accounts for 22 per cent of the £3 billion raised from rates.

The freeze shields Scotland's biggest private sector employer from a £60 million tax hike at a time when stores are grappling with spiralling costs and an uncertain outlook. This is good news for shops and hard-pressed retail destinations.

That said, the freeze shouldn't be the limit of the government's ambition on rates.The burden remains onerous with the business rate having escalated to its highest level since the advent of devolution.

Over and above this, twelve thousand medium-sized and larger commercial premises continue to pay a higher business rate than counterparts or competitors down south.

Little explanation has been forthcoming as to why firms here in Scotland are thought to be better placed to stump up more in rates.

Moreover, as firms begin to digest the full implications of the Scottish Budget there is a growing disquiet amongst smaller retail and hospitality businesses, principally over the omission of any additional rates relief comparable to that which retailers, hospitality, and leisure premises in Wales and England are entitled to for the coming year.

In addition, a change to thresholds means fewer firms are eligible for the 100 per cent exemption as part of the small firms' rates relief scheme.

All of this underlines the need for a recasting of business rates for the years ahead. This should begin with a timetabled plan for returning the poundage to a permanently lower level, coupled with a faster restoration of the level playing field with England on the higher property rate.

Consumer spending is the mainstay of Scotland's economy. The freezing of income tax thresholds and increase in income tax rates – affecting one in every six taxpayers - will likely dampen consumer spending further.

Given the weak economy, it's imperative Ministers keep in mind the fragile condition of businesses right now.

They ought to think twice about any further regulatory measures which burden businesses seeking to ride out the downturn. It will be a long road to full recovery for businesses just as much as it will be for public sector finances.

PLACEMAKING: RAIL'S ROLE IN UNLOCKING SOCIAL, ECONOMIC AND ENVIRONMENTAL VALUE

Making the areas around stations safe, accessible and welcoming can do a great deal to help drive economic growth and in turn, encourage a return to the railway. Elaine Seagriff, Great British Railways Transition Team's (GBRTT) Director of Strategic Planning writes on improving the public spaces around stations and the potential this has to unlock social, economic and environmental value.

Many people are facing a difficult time at the moment. The rising cost of living, high energy prices and, in some parts of the country, an unreliable rail service. In that context, it might seem odd to be talking about placemaking – and by that I mean physical changes to the built environment in and around a station as well as activations such as market stalls, pianos or entertainment where you are creating things to see and do.

However, placemaking around stations, making the areas safe, accessible and welcoming, and generally more pleasant gateways for people arriving into a town or city, and to spend time in, can do a great deal to help drive economic growth and, in turn, encourage a return to the railway.

Anyone who has visited my home city of Glasgow in the last few years would have been struck by what a fantastic gateway the redeveloped Queen Street station now is for both George's Square and the city centre – a place where, weather permitting, people now choose to gather. The changes we've seen in London's Kings Cross in the past decade have been equally striking.

Reading, Sheffield and Leicester all have or are improving the public spaces around stations while the area outside Leeds station is benefiting from a traffic calming project at the moment.

Big or small, placemaking benefits can be felt across the country.

The Strategic Planning team I lead at GBRTT are working to maximise rail's role in unlocking social, economic and environmental value and opportunity. In fact, it's a key component of the work we're doing to shape the long-term strategy for rail and is embedded in the strategic objectives for rail that have been set by government:

- Improved customer experience
- Financial sustainability
- Environmental sustainability
- Long-term economic growth, and
- Improved connectivity for communities to support levelling up.

By thinking beyond the 'gate line' and embracing the environment our stations are in, we have the opportunity to support the creation of centres of activity that will attract people to places, support economic growth and improve pride in place.

Looking forward, in the context of placemaking, we (GBRTT) want to help integrate railway planning with both wider planning for walking, cycling, public transport, spatial and urban planning. That's because placemaking is critical to a number of key activities:

- Making end to end journeys as easy as possible – connecting people to places and to opportunities, not just jobs but also, for example, leisure and access to healthcare, is good for the economy.
- Providing a greater sense of 'pride in place' – something we have seen through programmes such as 'Restoring Your Railway', which is supporting local communities by reintroducing former railway lines and stations.
- Increasing the catchment area for potential rail customers, by investing in stations and supporting local planners with redevelopment opportunities that are near to stations.

The railway must make cost savings and become more financially sustainable, so we need to be creative and look, with our local and regional transport partners, at what funding sources there are for financing local improvements. Land value capture, for example, where landowners, developers and property owners are charged a levy associated with the increase in the value of the land due to the investment in transport infrastructure which can be reinvested into services that benefit local communities.

Getting land use and transport planning working in parallel

Rail has a huge role to play in decarbonising the wider transport network and helping to underpin future sustainability. To help the UK reach its 2050 target for net zero (and in Scotland by 2045) while supporting growing cities, we need large-scale modal shift to more space and carbon-efficient forms of transport.

With the UK population expected to grow by several million over the next few decades, and with a shortage of affordable housing, it's critical we get land use and transport planning working in parallel. If we do, it will create well-located homes and communities and reduce car dependency for future generations.

It was clear from the responses we had to the Call for Evidence we ran earlier this year for the long-term strategy for rail that there's both a strong desire and need for rail to integrate with both other policies and other modes of transport, and placemaking is key to that.

By better understanding regional and local spatial ambitions, beyond the station gateline, we will be able to start thinking about development differently. How might it tie in with brownfield sites in the area that are within walking distance to railway stations? Could we reduce the number of new homes that build in car dependency?

At GBRTT, we are looking at all of these questions and more, and we've been speaking to people from all sorts of organisations – industry, local and regional government, private sector businesses in the supply chain, passenger champions – to support the long-term strategy for rail which is a core part of the guiding mind required to shape the future of the railway.

Elaine Seagriff, Great British Railways Transition Team's Director of Strategic Planning

BUSINESS RATE INCREASE FOR ANAEROBIC DIGESTION "ADDING YET MORE STRAIN", SAYS ADBA

Operators of both gas to grid and electrical Anaerobic Digestion (AD) plants are facing higher business rates after the UK Government changed the way it calculates the rates assessments which form the basis of rates bills, Handel Rating Consultants says its analysis shows.

The analysis by Handel Rating Consultants suggests the increase could be as much as 30% per annum for gas-to-grid plants and "at least" 20% for electrical combined heat and power (CHP) plants.

Handel Rating Consultants says the tax, business rates, is something almost every UK business has to pay with the charge being based on an estimate of the annual rental value of the premises.

The tax brings in some £26bn to HM Treasury, with the Valuation Office Agency (VOA), part of HM Revenue and Customs, being responsible for setting rateable values and local councils for collecting the tax, Handel Rating Consultants says.

The changes to business rates are a result of Chancellor Jeremy Hunt's announcement that the revaluation of business rates will go ahead as planned from April 2023 – the new values were published following the Autumn Statement.

This increase in business rates for AD is adding yet more strain onto an industry that is already facing rising supply chain and feedstock costs.

The rise in the rates bills of AD operators mirrors the rises faced by most other renewable power generators including onshore wind and solar and will add tens of millions of pounds to the bills and risks harming "much-needed" investment, Handel Rating Consultants says.

Commenting on the analysis, Chairman of the Anaerobic Digestion and Bioresources Association (ADBA), Chris Huhne, said: “This increase in business rates for AD is adding yet more strain onto an industry that is already facing rising supply chain and feedstock costs.

“The prospect that rates could increase by up to 30% is a blow for the sector when government should be supporting home-grown production of green electricity and gas. AD products – biofertilisers and bioCO2 as well – increase energy security and help meet climate targets.”

St Nicholas Court Farms in Kent run two gas-to-grid AD plants which are fed on maize and rye silage. They have seen their combined Rateable Value increase from £144,000 in 2017 to £810,000 in 2023, Handel Rating Consultants says.
Owner Jim Pace, said: “Such increases hardly paint a picture of a government wanting to encourage investment in renewables. It feels much more that we are being penalised for showing an entrepreneurial spirit.

“It really is quite depressing and worrying at a time when all of the other inputs needed across the farm are going through the roof to be hit with a 400% increase in property tax.”

SNP BLASTED OVER PROPERTY 'DOUBLE WHAMMY' WHICH WILL LEAVE SCOTS PAYING MORE THAN REST OF UK

A leading estate agency has criticised John Swinney's spending announcement and said Scots could end up paying six times as much tax on properties as someone buying in England

A leading estate agent has slammed a SNP ‘double whammy’ which will condemn Scots house buyers to the highest property taxes in all of the UK. It had been widely anticipated that stand-in finance secretary John Swinney would reduce rates of Land and Buildings Transaction Tax, to mirror reductions made in Stamp Duty rates south of the border.

Not only did Mr Swinney fail to do this in last week’s budget, he announced a 50 per cent hike in tax paid by those buying a second home, making the Additional Dwelling Supplement double the amount charged in England and Northern Ireland. In further failing to cut LBTT to match Westminster, a £500,000 home sale in England will now trigger a Stamp Duty payment of £12,500 while the same transaction in Scotland would generate a tax bill of £23,350.

David Alexander, head of the leading DJ Alexander estate agency and lettings business based in Edinburgh, said: ”It’s pretty horrific, to be honest. We did not expect a property double whammy.

"The SNP are going to kill the Goose that lays the Golden Egg. The Additional Dwelling Supplement brought in £19.3 million in October alone, amounting to 27 per cent of the entire LBTT take.

"If you reduce LBTT it would stimulate more transactions, which would bring in more money. But why would anyone buy a second home in Scotland – where six per cent extra tax would be due – rather than invest in England, where the rate is three per cent?

"The gap in UK property taxes has become a chasm and I would not be surprised if people decide to relocate to other parts of the Britain as a result."

The tax gap between buying a £1 million home in Scotland as opposed to England has now stretched as wide as £37,100. In Stamp Duty changes confirmed in Chancellor Jeremy Hunt's autumn statement, there is no tax to pay for buying any home in England up to a value of a quarter of a million pounds. In Scotland, you begin paying LBTT at £145,000, meaning that £250,000 home purchase north of the border will set you back £2,100 in tax.

The differing prospects for first-time buyers north and south of the border are now incomparable. For example, those investing in their first home south of the border could spend £425,000 on a property without paying any tax, while anyone in Scotland doing the same would start paying LBTT on anything above £175,000.

If a house was bought for £500,00 by a first-time buyer in England, the tax payable would be £3750. In Scotland, it would be £22,750, or six times more expensive.

A Scottish Government spokesperson said: "Increasing the ADS rate to six per cent protects opportunities for first-time buyers, helping them compete with buy-to-let investors or those buying second homes It also provides much-needed revenue to support national priorities like tackling child poverty, delivering sustainable public services and achieving net zero emissions by 2045

"Maintaining overall residential LBTT rates and bands preserves the Scottish Government's progressive system of taxation and delivers certainty and stability for taxpayers. The arrangements also take account of the specifics of Scotland's housing market, with current average property prices almost 40 per cent lower than in England and mortgage advances smaller in Scotland compared to the UK average."

BUSINESS RATES FOR AD OPERATORS COULD RISE 30%, ADBA WARNS

Anaerobic digestion (AD) plant operators in England and Wales are to face "significantly higher" business rates payments from April 2023 when the system is changed, the sector's trade association has warned.

The Anaerobic Digestion and Bioresources Association (ADBA) warned last week, 15 December, that the additional costs put investment at risk.

This could also lead to food waste processing costs to increase if the additional business rate costs are passed on through the supply chain.

The changes to business rates, which are to come into effect from April 2023, were announced as part of the Autumn Statement which confirmed that the revaluation of business rates “will go ahead as planned”, ADBA said. It added that the new values were published shortly after.

The association referred to analysis by Handel Rating Consultants, which suggests that the increase “could be as much as 30% per annum for gas to grid plants and at least 20% of electrical combined heat and power (CHP) plants”.

Tax change

Business rates are something almost every UK business has to pay, with the charge based on an estimate of the annual rental value of the premises. The values of premises are being revaluated under the scheme. The Valuation Office Agency (VOA), part of HM Revenue and Customs, is responsible for setting rateable values, with local councils responsible for collecting the tax.

The association warned that the rise in the rates bills of AD operators “will add tens of millions of pounds to the bills and risks harming much needed investment”.

Anaerobic digestion is the most common disposal route for separately collected food waste. Gate fees are currently within the range of £-25 to 0 per tonne of material, with the negative number indicating that the recycler might be paying for the food waste in some cases. The extent of this rebate likely to be hit by the new measures.

‘More strain’

Chris Huhne, chair of ADBA, says: “This increase in business rates for AD is adding yet more strain onto an industry that is already facing rising supply chain and feedstock costs.

“The prospect that rates could increase by up to 30% is a blow for the sector when government should be supporting home-grown production of green electricity and gas. AD products increase energy security and help meet climate targets.”

£460M BUSINESS RATES SUPPORT PACKAGE WELCOMED BY RETAILERS

Also announced in the budget is a further £113m of transitional relief for all ratepayers whose bills increase by more than £300 following an upcoming UK-wide re-evaluation

Wales have welcomed a £460m business rates support package announced by the Welsh government, but say more help is needed to support vulnerable firms.

The package, which is spread over two years from 2023-2024, sees the non-domestic rates multiplier frozen, ensuring no inflationary increase in the rates businesses will pay.

The announcement comes after the Fed's national president, Jason Birks, joined 15 leading business representatives earlier this month calling for a freeze to business rates ahead of the Welsh government's budget.

In the letter to Rebecca Evans, the Welsh minister for finance and local government, signatories had urged the government not to increase the multiplier rate, which is at a 23-year-high and above other UK countries.

Upcoming retail business rates reductions to create window of opportunity for scammers

Announcing the package, Evans said: "We know businesses are feeling the pressure of spiralling energy costs and rising inflation, while they are still recovering from the impacts of the pandemic. We want businesses to know now that we will continue to apply substantial discounts to their rates bills."

Minster for economy Vaughan Gething added: "We want Wales to be an attractive place to live, study, work and invest with businesses supported to deliver a stronger, fairer, greener Welsh economy."

However, the Fed's Welsh president, Vince Malone, said while the package was welcome, it didn't cover his "complete wish-list". He said: "It's great the government understands the pressure that retailers are under. However, we think it should have been announced earlier in line with England as this would have caused less emotional stress."

He added that more support was needed for outlier businesses that will continue to struggle. "Attention needs to be drawn to businesses that are the last retailers in a village to ensure they don't close," he said.

Hundreds of cash machines to become business-rates exempt in Scotland

"Post Offices already get some relief, but they provide another level of service in remote places and these should also be looked at. There is always more we'd like done."

Also announced in the budget is a further £113m of transitional relief for all ratepayers whose bills increase by more than £300 following an upcoming UK-wide re-evaluation, which will take effect from April 2023.

Another £140m will support businesses in retail, leisure and hospitality. Eligible ratepayers will receive 75% non-domestic rates relief, a rise of 25% on relief provided this year.

The package will operate in addition to other permanent relief schemes provided by the Welsh government worth £240m across Wales.

AMAZON WAREHOUSE BRINGS MILLIONS OF POUNDS TO SWINDON

The construction of the huge Amazon warehouse and delivery centre on the A420 at Gablecross has brought more than just some jobs to the area. The giant warehouse, which opened in November 2021 employs 2,500 people directly. But as a result of Swindon Borough Council giving planning permission for the centre to be built, GBP5m has been directly injected into the town's coffers, via Swindon Borough Council.

And it has been spent, or it will be, on making improvements to the borough. Gary Sumner, the council's cabinet member for strategic infrastructure, transport and planning is in charge of the officers who worked out the deal with the internet commerce giant headed by Jeff Bezos - one of the richest men in the world. Coun Sumner said: "Our planning team worked extremely hard to ensure that the huge Amazon distribution centre and the wider Symmetry Park industrial site delivered for local residents.

"The town's economy has benefitted greatly from the thousands of jobs Amazon has brought to Swindon, many of them highly-skilled, but the development has also made a major contribution to a number of the multi-million pound road improvements to the east of the town. The council will also continue to benefit from the business rates from the Amazon and Symmetry Park sites. "The building of the distribution centre has contributed more than GBP5m in Section 106 developer contributions and, while the bulk of this money has helped to fund the improvements to junctions such as White Hart and Gablecross, a significant amount will support the Great Western Community Forest's tree planting and ecological projects.

"I was also delighted to see the recent application to enlarge the solar energy generation on top of the Amazon building, which is in keeping with our borough-wide Net Zero targets." The contributions made by developers as part of receiving planning consent for a major development are known as section 106 contributions after that piece of legislation in the Town and Country Planning Act 1990. They are made to allow existing communities to build or fund the infrastructure or services needed to be able to deal with a new building or housing development.

Examples might be the construction of new schools, libraries, or doctors' surgeries for a new housing development, or improved roads as in this case.

The Amazon building was constructed by Panattoni, Europe's largest speculative industrial developer.

Panattoni now owns the empty Honda plant and is developing it for industrial and logistics use.