

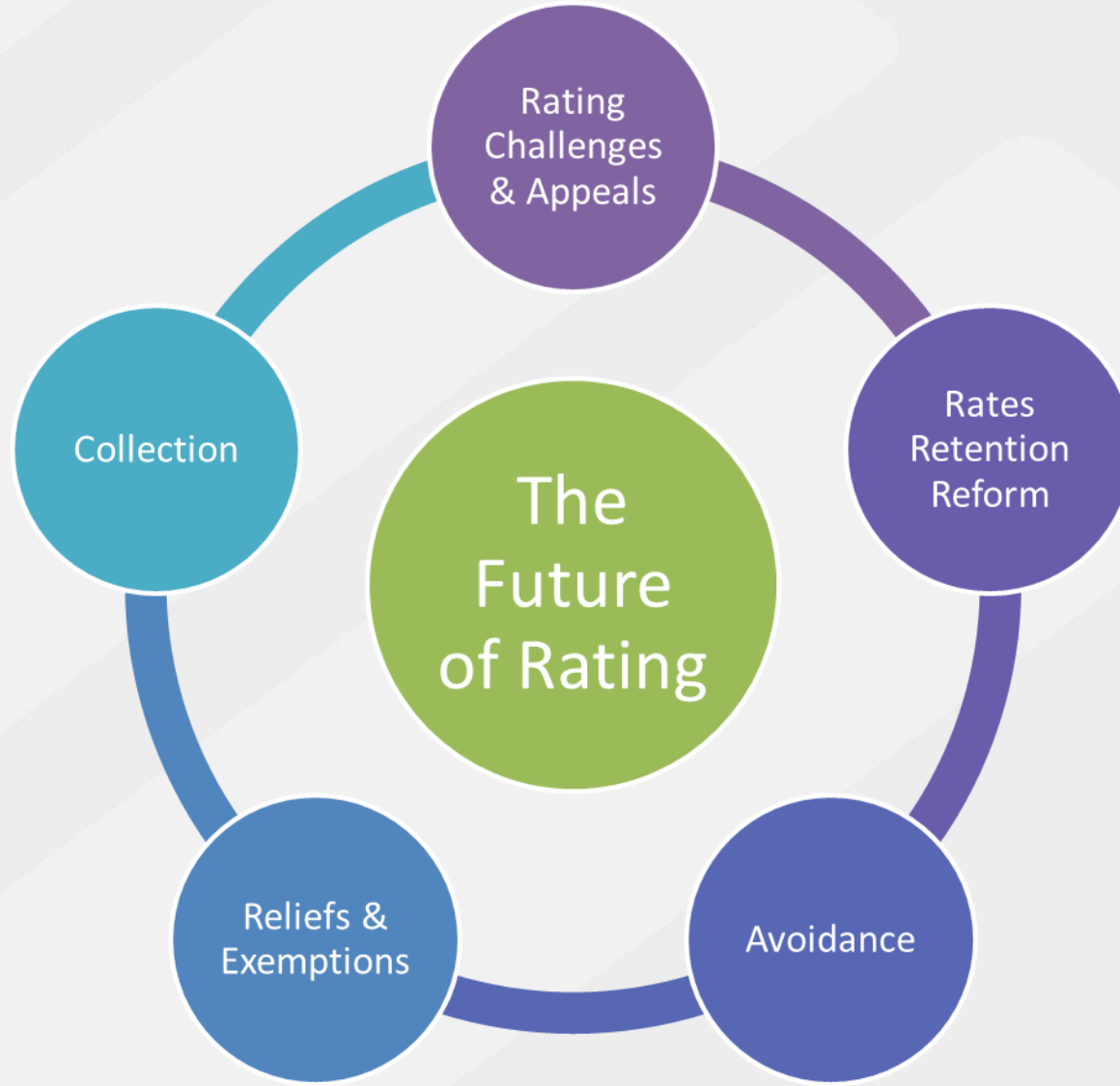
IRRV Annual Conference and Exhibition 2019

The Future of Rating

Alistair Townsend FIRRv, CMgr MCMI
IRRV Junior Vice President
Chair Local Taxation & Revenues Faculty Board

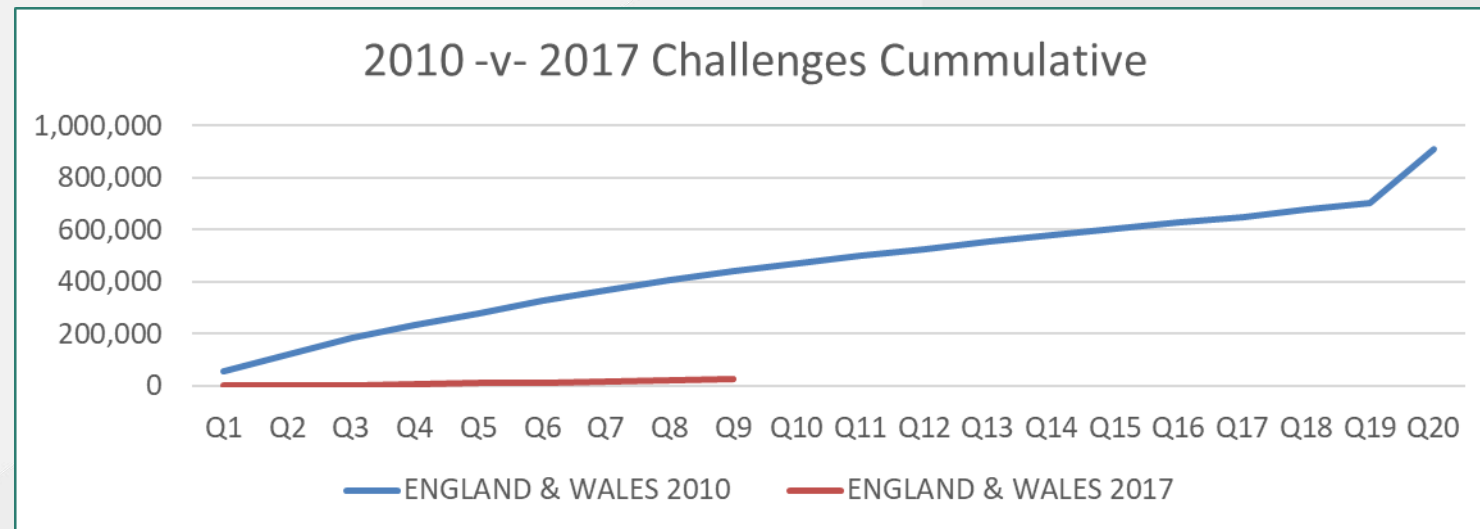
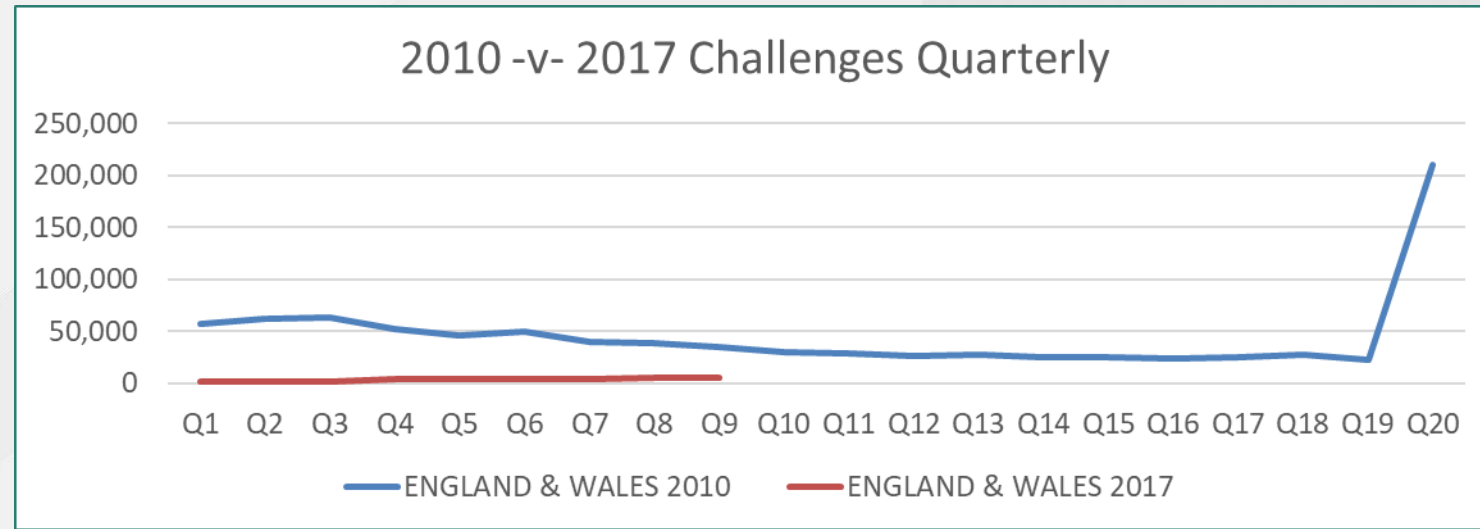


Introduction



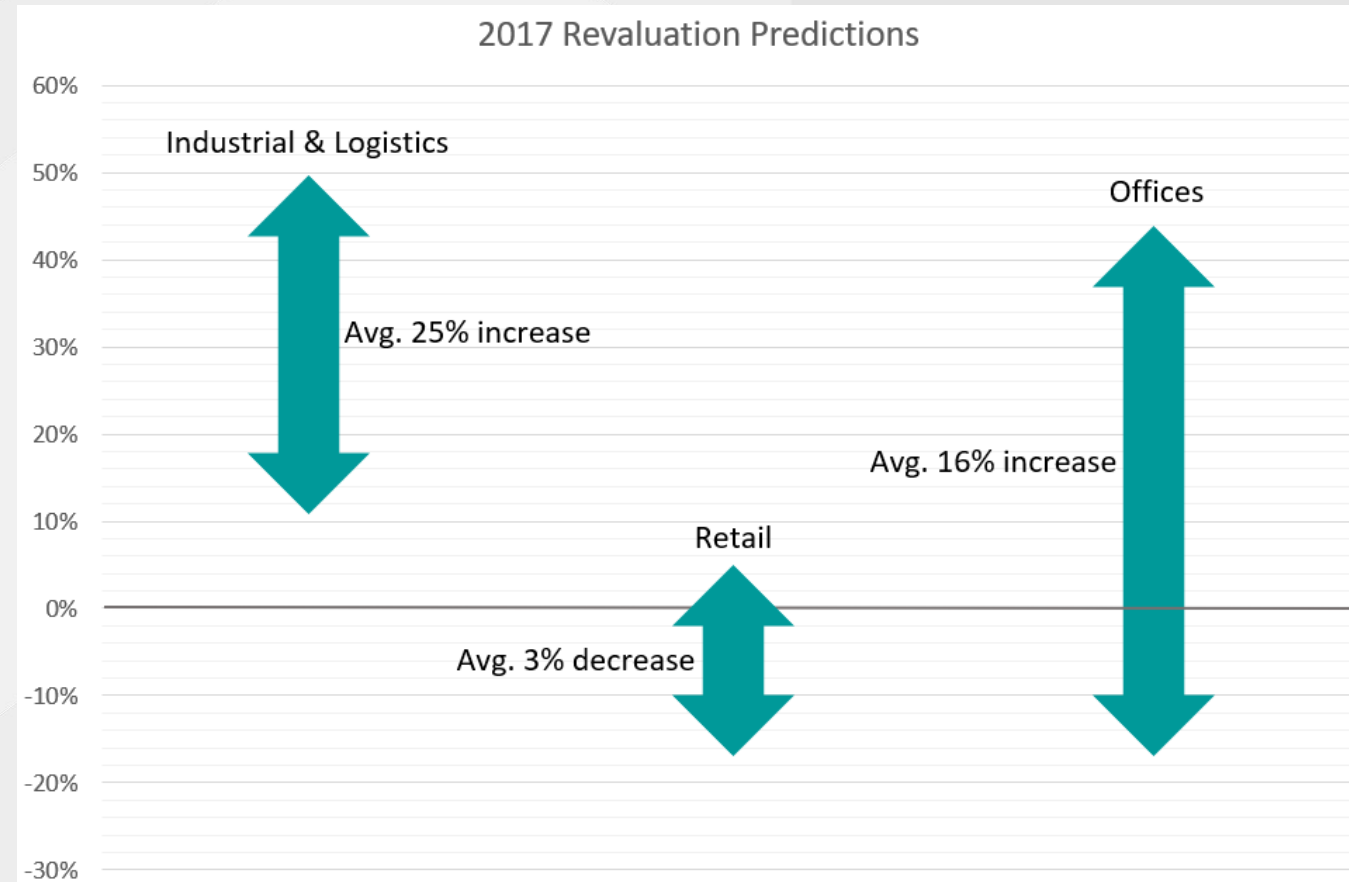
Challenges and Appeals Comparison

- 2010 List
 - Over 1 million challenges made
 - Over 60,000 still outstanding
 - More complex cases remaining
- 2017 List
 - CCA system in England
 - Comparatively few challenges
 - Flood gates at end of list?



Rating Challenges and Appeals

- 2021 List
 - AVD now behind us
 - Predictions starting to be made
 - Wide variances by sector and region
 - Work currently ongoing
 - VO resources transferred off current list
 - Something will have to give...



Rates Retention Reform

- Was due for 2020
- Funding settlement and retention reform being 'rolled forward' to 2021
- Will include full reset of baseline
- Devolution deal pilots to continue in 2020/21
- All other pilots will cease at end of 2019/20 financial year
- No change to tariffs and top-ups
- Uniform, but uprated change in Settlement Funding Assessment in 2020-21

Avoidance

- Special purpose vehicle companies (SPVs)
 - Set up by the owners with no assets or liabilities to take possession of properties before being wound up
- Guardian Schemes
 - Providing live in security to non-domestic property
- Temporary occupation
 - Re-start 6 week rule
- Charitable occupation
 - Mandatory rate relief
- Splitting hereditaments and occupation by separate companies
 - Small Business Rates Relief

Avoidance

- Most have now run through the higher courts
- If done correctly, all are legal
- Avoidance is now an established industry
- No obvious signs that government will legislate
- Without anti avoidance legislation, it is here to stay and will increase

“No man in this country is under the smallest obligation, moral or other, so to arrange his legal relations to his business or to his property as to enable the Inland Revenue to put the largest possible shovel into his stores”

– Lord Clyde in **Ayrshire Pullman Motor Services and Ritchie v. IRC (1929)**

“It has often been emphasised that the court is not a court of morals, but of law. If the outcome of this case is seen as unacceptable then it is for the legislature to determine whether further reform is needed.”

– HHJ Jarman QC in **R (Makro Properties Ltd) v Nuneaton & Bedworth Borough Council [2012]**

Reliefs and exemptions

- Politically inspired changes



2014

- SBRR Extension
- Payment over 12 months
- Retail relief - £1,000 discount



2015

- Flooding support scheme
- Reoccupation relief
- Retail relief - £1,500 discount



2016

- Permanent doubling of SBRR
- Local Newspaper relief



2017

- Rural rate Relief doubling
- Fibre Optics relief
- Supporting Small Business
- Local Discretionary Relief Schemes
- Support for Pubs



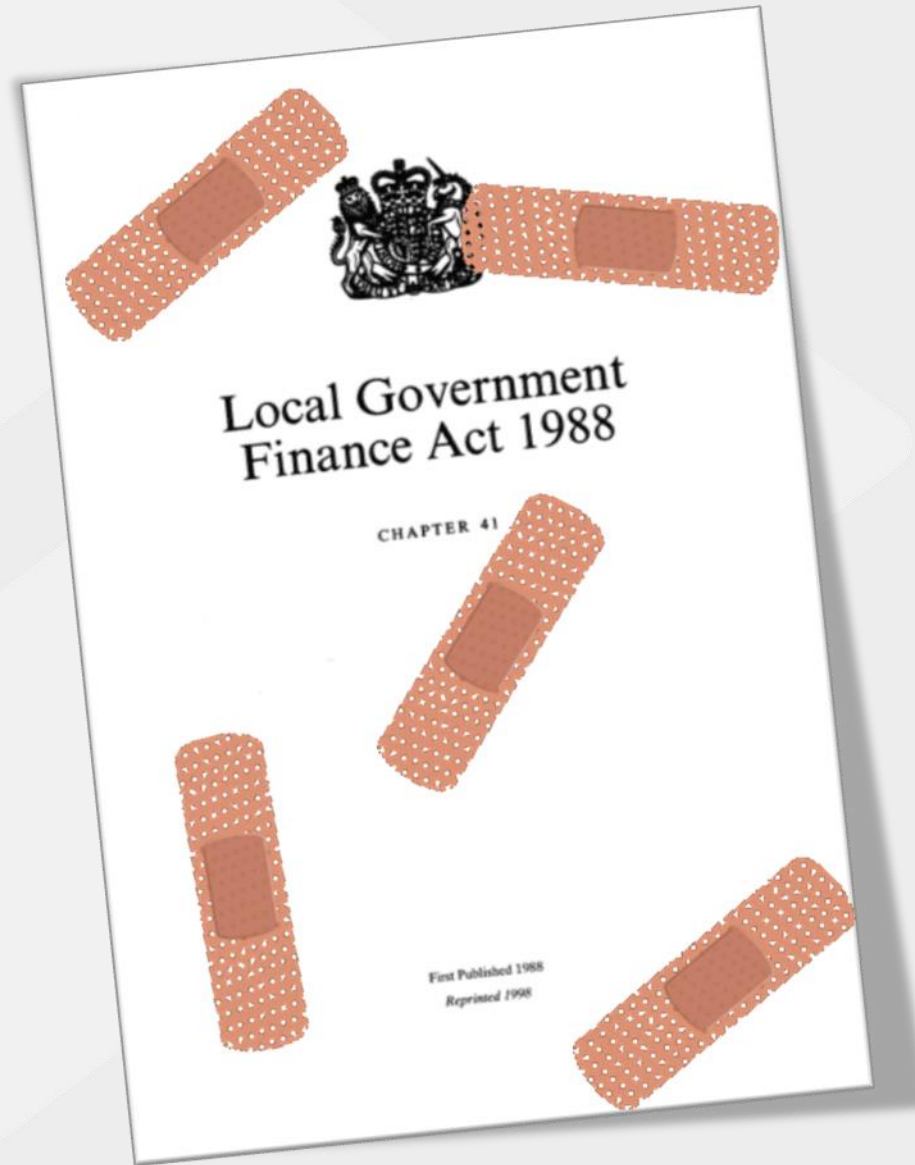
2018

- Public toilet relief
- New Retail Relief for RVs below £51K
- Extension of Local Newspaper Relief

Sec 47 Discretionary Reliefs

Reliefs and exemptions

- Adjustment to SBRR after revaluation?
- More politically inspired tweaks?
- More sticking plasters?



Collection

- Breathing Space (2020) & Statutory Debt Repayment Plan (2021)
- Includes Business debts
 - Incurred by small sole traders
 - Sole traders below VAT threshold
 - Arrears on ongoing business bill payments (gas & electric etc)
 - Business tax arrears (PAYE, NNDR, NICs)
 - Debts owed to suppliers
- 60 day breathing space
- 7 to 10 years repayment plan
- Debt advice & entry into process through Business Debtline

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Freephone
0800 197 6026

www.businessdebtline.org



Any long term reform caught up in Brexit paralysis

