

Business Rates Special

Filling in Form VO6048

This paper has been written to help self-catering businesses navigate form VO6048, sent to you by the Valuation Office which are arriving on all our doorsteps this summer. Some background and explanation is also provided.

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1. Revaluation Dates

The next Business Rates revaluation is now under way. All businesses in England and Wales will be receiving their sector forms to fill in and return. Our form for the self-catering sector is called the VO6048. Over the next 15 months the VOA will gather the information in order to present the new Rateable Values.

From about Oct 2020 we will start to receive their new Rateable Values for each of our businesses and we will have a short window from Oct 2020 to query these Rateable Values before the list hardens and goes live with effect from April 2021. This when all of our bills will be subject to the new Rateable Values applicable at that time.

It is highly unlikely that there will be a further change to the recently changed Self-Catering Practice Notes (see section 5) for this revaluation. We will of course keep a very close eye on this. This should mean that all Self-Catering Businesses in England and Wales will benefit from the percentage reduction at this time.

2. Forms VO6048 arriving in your post-boxes now.

You will all be receiving Form VO6048 through the post from the Valuation Office over the next days and weeks. Firstly, we must make the point that this has absolutely nothing to do with Members' verifying their property and checking and challenging their Business Rates.

These forms would have arrived in the post even if PASC did not exist, and even if the VOA had not agreed to reduce the percentages to apply to our sector. This is all part of the next National Business Rates revaluation described in Section 1.

It is a legal requirement to fill in Form VO6048 within 56 days of receiving it. The fines for not doing so are an initial £100. If you don't send it in within another 21 days it's another £100 fine and then if you still don't it's a £20 fine per day (yes £600 per month) up to the total amount of your Rateable Value.

The VOA have told us that they will be particularly focusing on businesses that have previously avoided sending form VO6048.

3. How to fill in VO6048

We have spoken to the Valuation Office to find out what best to include on your form – particularly with reference to the last section, the blank sections at the end for you to provide further information.

Two things, firstly, make copies of your form when you have filled it in, so that you can always go back to reference it, plus copies of any further information provided. Second, send Tracked and Signed for from the Post Office so that you can prove that it was submitted on time.

Part A is reasonably straight forward

Part B

- In B part 8 'other accommodation' means any accommodation not covered in how many main bedrooms and bathrooms that you have, perhaps glamping pods or similar. If you put anything in here you must describe it in the Further Information Section. Most Members should be able to leave this blank.
- In B part 10 we have been offered the opportunity of providing certified copies of accounts for the years to March 2016, March 2017 and March 2018 which will save answering much of the Income & Expenditure questions.
- If you are not providing certified accounts you have to work your way through section 10 breaking down every component of your expenditure over the aforementioned years.
- Make sure these are ex VAT figures.
- At the bottom of section 10 you need to tick boxes if you are providing any additional sheets of information.
- The rest of B is straightforward.

Part C is straightforward.

Part D

- In D parts 13 – 24 is all about Annual Rents. This section really depends upon your business set up and whether you either pay rent or as the owners of the property you charge your own business a rent. You may need to consult your accountant in order to make sure you fill this section in correctly. This is not a section that PASC can individually assist you with.

Part E this is the declaration that you have filled it in correctly and completely.

Part F this is merely contact details.

Now you have a section called Further Information and Remarks (if any). This is the place to put the following information.

What should you put in here?

1. Start with a short description of your business.

No longer than, for example:

Higher Wiscombe is a business that comprises three holiday cottages, one that sleeps 20 in 10 bedrooms, and two that sleep six in three bedrooms. All bedrooms are ensuite, all the cottages are rated at 5 star. There is a heated outdoor pool in summer and a games room with table tennis and table football. Set in 52 acres it is accessed along a private $\frac{3}{4}$ mile drive. The business is open 365 days a year. All bookings are managed directly with no agency involvement.

2. Make sure that any facilities that are offered to guests are included. Remember, the higher the inputs and facilities the more likely that you will get the lower percentage on the Practice Note.

Things to include:

- Swimming pools, if outdoor when open
- Tennis Courts
- Games Room
- Soft play areas
- Sauna
- Animal petting
- Onsite visitor support
- Spa
- Bar
- Land that guest have access to

3. This is not a place to put anything about how unfair the Business Rates system is or that you have got increased competition I'm afraid, they will just ignore this.

4. Other things that can go in this section.

If your turnover had varied by a fair margin, up or down during the three years, it is best to explain this. If for example you had a record year because there was a huge building site nearby and you were full over the winter with workers from the site, but it was a one off, then they may discount this additional income. If your turnover has been flat over the last three to four years it is worth pointing out that it had dropped more than 10% in real terms when inflation is taken into account.

This is also your opportunity to put any other really unusual factors that may help mitigate your Rateable Value that I have not included in the list above. One that might apply would be a massive increase in local competition, probably for a site like AirBnB. This would need to be local competition, so a search on Southleigh Devon's results as opposed to Devon's results.

Some examples of what is not unusual would be the following:

High cost of providing Wifi in rural areas. This is a cost and shows in the accounts and ripples through to profitability, so they would not consider this.

High Cost of heating a pool, resulting in higher utility bills. This also would show in the accounts and ripples through to profitability, so they would not consider this.

High cost of animal feed. High cost of towels for the Spa, as in the two examples above they would not be considered.

The facilities that we have listed any others that you have that are similar would be taken into mitigation towards the lower percentages due to the labour inputs in providing these facilities, so make sure that you list all.

4. Practice Note Published

Two weeks ago, the Practice Note laying out the new percentages and classifications for self-catering was finally published on the VOA website. This can be found here.

<https://www.gov.uk/guidance/rating-manual-section-6-part-3-valuation-of-all-property-classes/section-480-holiday-accommodation-self-catering>

It's long but well worth reading to get a fuller understanding of the process. However, the key section, as far as getting your Rateable Value down, is found by clicking on the link above, and scrolling down to Practice Note 2017 – holiday accommodation (self-catering). In section 4 you will be able to see what 'grade' of business you have, plus the percentages that should be applied. These finally show the one third reduction negotiated for self-caterers by PASC.

This is vital for those of us carrying out the 'Check' and 'Challenge' process as it finally gives you a formal link to the changes that we have negotiated. We have no idea why that this has taken so long, but having it physically in the VOA website can only help. Those who for any reason have only completed their 'Verification' to show that they own the property and have not started the 'Check' process should refer to this document, and either scan elements in from section 4.3 or take images and include them or at least use the link above. This should avoid making a 'Check' to a VOA office that is still unaware of these reductions and changes.

5. Avoid cowboy Business Rates Consultants

A regular call over the last month has been from Members regarding cowboy Business Rates consultants. These can take numerous forms: they may ask for a flat fee upfront or a no win no fee option. In both cases Members get asked to sign a contract and in the vast majority of cases that is the last they hear from the so-called consultant. If the Member subsequently manages to reduce their Business Rates via other means they are likely to receive an invoice for commission as per the contract that they have signed regardless of the fact that the consultant did absolutely nothing.

These companies are relatively easy to check on the internet, many of them are on various Review sites and it will quickly become apparent to you whether they are effective or not. Simply enter their name and put customer reviews after it. Can be very illuminating.

When we start to cover Members moving to the 'Challenge' process having competent professional advice will be **absolutely** critical as this is much more complex than the 'Check'

process and these companies are unlikely to offer it. It is unlikely that Members will be able to successfully 'Challenge' without professional help.

Many thanks, and as always, any questions, just let us know.

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