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Rates U-turn welcome but confusing, say industry figures

Patrick Clift 01/04/2009 09:02

The property industry has welcomed the government's decision to defer £600m of April's increase in business rates – but warned the late U-turn would cause confusion.

Richard Wackett, head of rating at Lambert Smith Hampton, argued that, while the change was welcome, it "should have been announced by the new year".

He said: "All billing authorities will have prepared and in many cases sent out accounts for 2009-10 and these will now have to re-issued. This is a recipe for confusion. Sadly it will add another level to the complexity of rate demands."

Following the change, the new level of uniform business rating will now be £0.471, with small businesses - those with a rateable value of up to £21,499 in London and £14,999 elsewhere - charged at £0.467. Businesses can apply for the deferment at the end of July.

Savills head of rating David Parker said the new legislation would come to the aid of large businesses with substantial portfolios.

However, he said: "Any assistance to ratepayers at present is most welcome, but it is only a compromise in the government's favour.

"The extra will still have to be paid back from April 2010, when the threat of increased rates remains very real with the 2010 Rating Revaluation of all commercial properties as well as the increase through Business Rates Supplements which will be implemented in London to help towards the funding of Crossrail."

Keith Cooney, head of rating at Knight Frank, said the climb-down was "welcome news" but added: "this should have been frozen in the first place. The 5% increase was based on last year's RPI for September which was a record month and bears no relationship to the current state of the economy."

Mark Henderson, head of rating at DTZ, said: "I'm sure that most businesses will find this very welcome, particularly those

who are strapped for cash, but billing authorities will have their heads in their hands at the moment.

"It is going to be a lot of extra work for them, and for rate payers and their advisors, because any new bills will have to be checked again."

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