



# NON-DOMESTIC RATING

## How we value pubs and other licensed premises for Business Rates



We need to value all non-domestic properties for business rates to arrive at the rateable value of the property. This value is then used by local councils to calculate the rates payable for the property. For pubs, and other licensed premises, we base our

assessment on “fair maintainable trade”. This is the most commonly used method in the market place to determine pub rents. Our valuations for pubs are based on actual rents and turnovers that we have collected from businesses around the relevant valuation date.

### What is a rateable value?

Your rateable value for the current (2010) rating lists represents the annual rent the property could have been let for on 1 April 2008. This date is set by law and is the same for all non-domestic properties. Your rateable value may not be the same as your current rent or the rent you paid in 2008. Reasons your rateable value may not be the same as your rent include:

- As the valuation date is fixed as 1 April 2008 we cannot now take into account decreases or increases in values due to economic changes.
- You may have negotiated a specific deal on your rent, such as stepped rent (rent which increases over the period of the lease).
- Improvements you have made to the property may not affect your rent but may affect the rateable value.

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## How do we value pubs and other licensed premises?

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We go through the stages below to determine the rateable value of a property.

1. Collecting evidence	We collect information from occupiers about rents, trading receipts and trading patterns.
2. Establishing the fair maintainable trade	We analyse the trading information along with: <ul style="list-style-type: none"><li>- the type of premises</li><li>- the area it is in</li><li>- what services are offered</li></ul> to establish a level of "fair maintainable trade" on the particular valuation date.  Fair maintainable trade is the yearly level of trading receipts (excluding VAT) that a pub can be expected to achieve assuming a competent publican.
3. Setting the rateable value	We apply a percentage to this estimated fair maintainable trade, established from rents paid for similar pubs, to work out the rateable value. You can see the percentage ranges we use in the Approved Guide to the Valuation of Public Houses which we have agreed with the British Beer and Pub Association, on our website: <a href="https://www.gov.uk/introduction-to-business-rates">https://www.gov.uk/introduction-to-business-rates</a>

You can also watch a two minute video, explaining the principles of fair maintainable trade: [www.youtube.com/voagovuk](http://www.youtube.com/voagovuk)

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## Why aren't the trade details used for a pub valuation listed on the website?

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As our valuations are based on trading receipts and other commercially sensitive information, we do not publish the details on the website. We take data protection seriously and we will not publish information that has been provided in confidence.

If you believe the figures we are using are incorrect then please contact us by phone or email. We will ask you to supply us with, or confirm, the trading receipts (excluding VAT) from all sources, such as liquor, food, gaming and so on.

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## Why use fair maintainable trade?

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We have been using fair maintainable trade to assess pubs since 1995, in line with industry practice. We regularly talk with groups such as the British Beer and Pub Association, the Association of Licensed Multiple

Retailers, British Institute of Innkeeping, The Guild of Master Victuallers and the Federation of Licensed Victuallers Associations to ensure our approach mirrors changes in the industry as a whole.

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## I supplied my trade figures – why haven't you used them in my valuation?

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We normally use actual trading receipts, as they are the best indication of the level of fair maintainable trade. However, there can be a number of reasons why we might not use them directly. These include:

- The figures relate to a later time than the valuation date, when there may be a very different trading environment.

- There are particular circumstances that are temporarily affecting the trading level and which are not relevant when considering the longer-

term maintainable level. For example, having to close for a period for personal reasons.

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## A competitor has just opened a new pub down the road from me and my trade has been badly hit – can I appeal?

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Yes, this is one of the circumstances when you can make an appeal.

We would seek to establish if the opening of the new pub alone has had a sufficient impact on your trade

that there would be a reduction in your rental value. If that is the case then a reduction in the rateable value is likely to follow.

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## I have just received a form from you asking me to supply details of my trade – why should I fill it in?

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If you receive a form from us, it is important to complete it accurately and return it promptly. We aim to produce rateable values that are right first time, and the information we are requesting helps us do this.

Failing to return the forms could mean the amount of rates people are asked to pay is not accurate or fair. You may also face a fine of £100 if the form is not returned within 56 days.