



RIP RPI

By the time you read this legislation will have been introduced allowing the Government to fulfil the Autumn Budget 2017 announcement that business rate multipliers from 2018 will be calculated by reference to Consumer Price Index (CPI) rather than Retail Price Index (RPI). The Welsh Government has adopted CPI also.

Following a politically unacceptable September 2017 RPI of 3.9% it was small wonder that the Government brought forward by 2 years the intended change to CPI. The change has been welcomed by business rate payers who will benefit from the move by an estimated £2.3 billion over the next 5 years.

With the average ratepayer seeing their new rate bill being roughly 1% less than it would have been had RPI been retained it was an encouraging move following the intense lobbying that Government has come under from business. In England the small business rate multiplier will be set at 0.480 and the standard at 0.493.

In Wales it will be 0.514. The Scottish poundage has been set at 0.480.

The English Government has also committed to changing the frequency of the cycle from 5 years to 3 years after 2022 to better reflect rental values and the economic and physical environment of the property. They have said that they will be consulting with stakeholders on the detail in Spring 2018. Yearly Revaluations are seen to be disproportionate and in the current climate of Valuation Office Agency (VOA) staff reductions perhaps also would be difficult to deliver.

For more information please speak to:



Gareth Buckley

Principal, Business Rates

E: gareth.buckley@avisonyoung.com

M: +44 (0)7891 810 253

T: +44 (0)161 819 8207

avisonyoung.co.uk

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London	+44 (0)20 7101 0200
Manchester	+44 (0)161 228 1001
Midlands	+44 (0)24 7663 6888
Thames Valley	+44 (0)1494 540 000

