



Staircase to Heaven

A Supreme Court decision in 2015 (*Woolway (VO) v Mazars LLP (2015)*) reversed 50 years of rating practice and has had the consequence of many business rate payers seeing this tax liability increase retrospectively – in some cases back to 1st April 2010. This has been dubbed the “staircase tax” by many.

Until that decision, where a business that occupied more than one unit of property e.g. two adjoining floors of a building, and those units touched ('contiguous' in rating terms) they received one rates bill as there would only be one rating list assessment. The decision reversed that practice.

Many ratepayers who had previously received one rates bill for their contiguous occupations within a building have seen the single rateable value split into one or more assessments and are now receiving multiple bills. This has meant that the amount of their revised rates bills has increased either because they have lost the benefit of small business rate relief or because the total rateable value of the individual assessments has increased. Government has recognised the implications of this.

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A Government consultation document was issued in December 2017 on reversing the consequences of the decision and redefining the definition of the unit of assessment by providing that where 2 assessments are occupied by the same person and are contiguous they may be treated as a single assessment.

The definition is quite complicated and this change will involve secondary legislation. It is proposed that ratepayers will have the opportunity to backdate changes to the 2010 Rating List where they have been affected by the decision. This will be achieved by

allowing ratepayers the opportunity to make proposals against the 2010 Rating List. In principle, this is to be welcomed as it should allow ratepayers the opportunity to restore the status quo and to recover large sums of rates that may have been paid as a consequence of the Mazaars decision.

Consultation closed on 23rd February 2018. As ever, "the devil will be in the detail" and we will keep you advised. It is proposed that the changes will not apply to unoccupied properties nor properties that are used for wholly different purposes.

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