

# Business rates changes in your locality that can affect your property

Physical changes within your locality may have an impact on the rateable value of your property. The rateable value is our assessment of the open market rental value of your property and is used by your local council to calculate your business rates bill.

This fact sheet explains what type of changes to the locality we can consider, by law, what we mean by

locality, and what you can do if you think there has been a change we should look at.

These types of changes are called a “material change of circumstances” (MCC).



## What is a “material change of circumstances”?

If there are physical changes to your property or within the locality of your property, these may have an impact on the rateable value.

Examples of the type of change within the locality that may be a MCC include:

- Road or street works taking place which have a direct impact on your property.
- Building works or demolition nearby, or erection of scaffolding on a neighbouring property.
- Changes to road layout or pedestrianisation.
- An increase in the number of vacant properties, which are similar to your property and located close by.
- A new development opening within the locality such as

a large superstore or a retail park that competes directly with existing business properties.

- A change in the use of a property. For example, a former retail premises opening as a large chain public house may impact on other public houses in the locality.

If the MCC is temporary, such as roadworks restricting access to your business, you should contact us as soon as the MCC starts, and definitely before it ends and consider making an immediate appeal.

As a general rule a temporary MCC would need to last at least 6 months before we would consider it having an impact on the rateable value. This period can be shorter if the impact of the specific MCC is very severe.



### What do we mean by 'locality'?

The definition of locality will depend on the nature of the change and the type of property you occupy. Usually, the locality is the immediate area around the property however this can vary from case to case.

For example, a suburban High Street in a city is often treated as a locality. Road works in the city centre would not be considered an MCC but road works on that High Street could qualify. However, if the change had been the opening of a competing new shopping development on the outskirts of town it is possible that a number of properties in both the suburban High Street and the city centre will be affected and the definition of 'locality' would reflect that.

### What is not an MCC?

The valuation date for the 2010 Rating Lists is 1 April 2008: all economic factors are taken into account at this date. This is governed by legislation.

A fall in rent or trade due to the recession, with no physical change having occurred to the property or its locality, would not be classed as an MCC. We would not be able to take the fall in trade into account, when considering the rateable value of the property.

The specific factors we can consider all relate to the physical state of your property or its locality.

For example, if a public house suffered a fall in trade because a newly built public house opened next door, then this fall in trade could be caused by the new public house. This would be classed as a physical change to the property's locality, and would be an MCC.

However, it is possible that in this example, the trade was falling in any event because of prevailing economic conditions at the time. This effect would need to be excluded when arriving at the revised rateable value. The Valuation Officer will need to make a judgment between how much of the decline in trade is the result of the new public house being built and how much is the result of the economic conditions prevailing at the time.

### What should you do if you think an MCC applies to your property?

You should contact your local Valuation Office with details of your property and the possible MCC. You should also provide any supporting evidence to support your view that the MCC may have an impact on your rateable value. Examples of good evidence may include:

- Any change to your rental agreement which is a direct consequence of the physical change.

- Any change to the level of your trade which is a direct consequence of the physical change.
- Other relevant information such as press articles, scheme details, planning applications and reports produced in support of that application (for example impact assessments).

You can find our contact details in the **Contact us** section at [www.voa.gov.uk](http://www.voa.gov.uk).

Once you have contacted us, we will investigate the situation to consider whether there is an impact on your rateable value. We may accept that there has been an MCC, but we will need to consider if it would have an impact on the rental value and, as a result, on the rateable value.

If the MCC is temporary, then any reduction to the rateable value will need to be reviewed once the temporary change has been ceased.

We will try to give you a decision within two months of you contacting us.

### What can you do if you disagree with our decision?

If you disagree with our decision on the impact of an MCC on your rateable value, you have the right to make a formal appeal (known as a proposal). You can do this on our website.

If you decide to make a formal appeal, please provide details such as the date the change started and a description of the change. The more detail you can provide us with, the more quickly we can assess the appeal.

We will discuss the case with you and if we cannot reach an agreement then the appeal will go to the independent Valuation Tribunal.

### More information

- You can check your rateable value and the details we have of your property on our website: [www.voa.gov.uk/valuation](http://www.voa.gov.uk/valuation)
- [Business Rates – an introduction](#) explains how the business rates system works, including your rights of appeal.
- [Business Rates – getting professional advice](#) outlines what to do if you are thinking of employing a professional representative to act on your behalf.
- The legal background and technical information about what we consider when reviewing MCCs is held in our [Rating Manual Volume 2 Section 5](#).
- You may also want to look at the [Changes to your property](#) leaflet.