

A basic guide to the rating of guest houses and bed & breakfast accommodation



What is a rateable value?

Every non-domestic property has a rateable value, apart from those properties that are exempt from rates.

The rateable value broadly represents the annual rent the property could have been let for on the open market on a particular date, on full repairing and insuring terms. For the current rating list, this date was set as 1 April 2003.

What factors may be taken into account in arriving at the rateable value?

In arriving at the rateable value, the actual rents, which operators pay may be taken into account. In addition other factors may also be taken into account such as:

- The number of bedrooms, whether singles, doubles or family rooms, basic or ensuite
- Location and quality of the accommodation
- The presence of non-resident restaurant facilities



When is a bed & breakfast property domestic?

The property will be domestic and therefore subject to council tax rather than business rates if:

- You intend not to provide short stay accommodation for more than six persons at any one time within the coming year and
- The property is your sole or main residence and the bed and breakfast use is subsidiary to the private use

What factors are considered when applying the 'subsidiary use test'?

The 'subsidiary use test' is to ensure, as far as possible, that whilst the provision of limited short stay accommodation in a person's own home will not be subject to rating, this exemption will not extend to those where bed and breakfast is a significant business enterprise.

1. Accommodation used

This is the amount of a property used for B&B at any one time; if half or more of the whole house is used for guests at any time that property is likely to be rated.

2. Adaptation to a property

If adaptations carried out specifically to benefit guests alter the character of the property beyond that of a private house, then the B&B use may not be subsidiary and the property is likely to be rated.

Example: The installation of additional wash basins, bathrooms or ensuite facilities, fire precautions such as fire doors, alarms and extinguishers.

3. Nature of use

Factors such as whether the property is open all year round, serves evening meals or has a licence are taken into account when deciding if it is a subsidiary use.

Is my rateable value the same as the rates I will pay?

No. Rateable values are a key factor in the calculation of business rates but they are not the rates bill. Local authorities are responsible for calculating actual rates bills and for collecting rates and will use the rateable value in working out how much you have to pay. The local authority will apply the multiplier, (a rate in the pound) to the rateable value and then deduct any reliefs that are applicable. In England the multiplier is set by the Office of the Deputy Prime Minister and in Wales the multiplier is set by the Welsh Assembly Government. The local authority will also work out any transitional adjustment. The transitional adjustment limits the amount by which your rates bill changes following a revaluation. There is no transitional relief in Wales.

From what date will the bed & breakfast property be rated?

Generally, a property will be entered in the rating list with effect from the date that it becomes available for use as a Bed and Breakfast. This date is known as the 'Effective Date'.

Can I appeal against the rating assessment?

Yes. You can appeal against both the rateable value and the Effective Date – this is known as making a 'proposal' to alter the rating list.

If you have had an entry in the 2005 rating list from 1 April 2005 you can make a single appeal against the original entry in this list at any time up until 31 March 2010. If it is a new entry into the rating list, or the entry has been altered since 1 April 2005, you will be served a notice by the Valuation Officer, against which you can make one appeal.

If at any time, a material change of circumstances affecting the property or its physical locality takes place, you are entitled to make a further appeal.

Proposals in response to a list alteration or a new entry in the 2005 list may be made up to 31 March 2010. The Effective Date of an alteration to the rating list in response to a ratepayer's appeal may be subject to certain limitations. For more information contact your local Valuation Office.

You can obtain a proposal form from your local Valuation Office or you can make an appeal online from our web site at: www.voa.gov.uk

Please note that this information is for guidance only and may not cover all specific circumstances. Should you have any query, please contact your local Valuation Office. Any questions regarding actual payment of rates should be referred to the local authority for the area in which the property is situated. This leaflet was written in July 2005 having regard to current legislation.