

A basic guide to the rating of holiday cottages



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, which may affect the rental value are also considered including the type, size, location, quality of the accommodation and the income potential.



What is a self-catering unit?

A building or self-contained part of a building which is available for letting commercially as self catering accommodation for short periods totalling 140 days or more in the year from the day you intend to make it available.

If I let it for less than 140 days in the year, am I still liable for a rating assessment?

If the property was available for letting throughout the year but the proprietor makes a conscious decision to only accept bookings for a total of 139 days (or less), then the property will not be subject to a rating assessment but will be allocated a council tax band.

Where the proprietor does not make a decision to limit the total period for which bookings will be accepted, the property will be liable for a rating assessment, regardless of whether actual lettings fail to exceed the 139 day limit in any given year.

What happens if I decide to let the property on a long-term tenancy?

If you let the property on a long-term basis so that it becomes, for example, someone's sole, or main residence, (a domestic property) then it will not become liable for a rating assessment. If it is already assessed for rating purposes, its entry will be deleted from the rating list and it will be 'banded' for council tax from the date when it became a domestic property.

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 to the rateable value and then deduct any reliefs that are available. 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 self-catering unit 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 self-catering unit. 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.