



Business Rates Update 2023

Filling in Form VO6048

(England)

This paper has been written to help self-catering businesses navigate form VO6048, sent to you by the Valuation Office Agency (VOA) which are arriving on all our doorsteps this summer. Some background and explanation is also provided.

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1. Revaluation dates

The 2023 Business Rates revaluation has now been completed. Businesses will have already received their new Rateable Values.

There is a new Practice Note, issued in April 2023, which offers guidance about how the new Rateable Values have been determined. See section 6 below.

2. Forms VO6048 arriving in your post-boxes now

All businesses in England and Wales will now be receiving their sector forms to fill in and return shortly. Our form for the self-catering sector is called the VO6048.

From April 2023, you will need to complete form VO6048 annually for all properties. There are full and short versions of this form. You could be asked to complete either.

3. Form VO6048 has been significantly revised

The new government policy is:

- To require all self-catering business to complete form VO6048 **each year**, and
- To require all self-catering businesses to fulfil three criteria, to be registered for business rates

In England, these criteria are:

- a) The owner of the business intends to let the property commercially for short periods totalling **at least 140 days**, over the **next year**
- b) The property has been available to let commercially for short periods totalling **at least 140 days** over the **previous year**
- c) The property has actually been let commercially for short periods totalling **at least 70 days**, over the **previous year**

Every property must now satisfy the 70-day occupancy requirement. This also applies to every unit of accommodation in a property complex.

The purpose of the new government approach, in both England and Wales, **is to close what were seen as potential loopholes**, where second-home owners and similar could achieve a reduced tax liability by becoming liable to pay non-domestic rates instead of council tax, despite making few efforts to actually let their property for short periods.

Consequently, the information being required on the new 2023 form is more searching than with the previous version of this form.

It is a legal requirement to fill in Form VO6048 within 56 days of receiving it. The fines for not doing so are an initial £100. If you don't send it in within another 21 days it's another £100 fine and then if

you still don't it's a £20 fine per day (yes £600 per month) up to the total amount of your Rateable Value.

4. Different forms for Wales and for England

There are now **different versions of VO6048** forms for **Wales and for England** (as well as long and short-form versions of each). You must ensure you are filling in the correct form(s) for your circumstances (Wales v England).

Both Wales and England forms have the same form number and the same form title, but have the following distinguishing features:

England long form	139 nights in Part A, Section 7	Dated (5/23) at foot of page 1
England short form	139 nights in Part A, Section 7	Dated (1/23) at foot of page 1
Wales long form	251 nights in Part A, Section 7	Dated (1/23) at foot of page 1
Wales short form	251 nights in Part A, Section 7	Dated (1/23) at foot of page 1

The VOA will send you either a long form or a short form version, depending on the forms you have returned in previous years.

If you have properties in both England and Wales, you will need to ensure you have the correct form (England or Wales) for each property in each home nation.

5. How to fill in form VO6048

We have spoken to the Valuation Office to find out what best to include on your form – particularly with reference to the 2023 form changes, and to the last section, the blank sections at the end for you to provide further information.

Once you have completed your form, **make copies of it**, so that you can always go back to reference it, plus copies of any further information you provide. You should securely attach any additional sheets to the form before posting.

You should always send **Tracked and Signed for**, from the Post Office, so that you can prove to the VOA that it was submitted on time.

Part A

Before you start filling this in, you will need **your lettings calendar for the property** to hand, and **your accounts for the property**.

Sections 1 and 2 are straightforward.

The rest of the sections in Part A are about how the property is occupied, either in terms of types of occupants, or periods of time, and about marketing. Section 3 is about past availability, section 4 about past occupancy, and section 7 is about future availability plans. Sections 5 and 6 are about who else occupies the property - in whole or in part.

The VOA define 'lettings for short periods' as lettings for periods of 28 days or less, to different individuals on each occasion. You should answer these sections based on this definition. You should exclude from your calculation any lets for longer than 28 days. You should also exclude nights booked but cancelled.

Section 3

- a) Give the date the property was first available for short-term lets
- b) Give the number of nights the property was available for self-catering short lets in the 12 months to 31 March 2023. So historical data for the past year. (This will need to be at least 140 nights to qualify for business rates.)
- c) This section is about the period between 1 April 2023 and the date on which you actually complete the form. So you will be reporting information for a part-year.

Section 4

- a) Give the number of actual let nights for short periods during the 12 months up to 31 March 2023. Exclude nights booked but cancelled. (This will need to be at least 70 nights to qualify for business rates.)
- b) Give the number of actual let nights between 1 April 2023 and the date you complete the form, so a part-year.

Sections 5 and 6

Who lives at the property, or any part of it. So is your property available for short-term lets **exclusively**, or are other people resident for the whole or part of the year, in the whole or part of the property?

If your property is exclusively a short-term let property (in other words, you do not occupy the property as a primary residence or second home, and if there are no students or staff or tenants resident), **you can tick NO in each section, and move on to the next section.**

If you have any resident students or tenants or staff, or if you occupy the property yourself in any capacity, you will need to provide details in each case: names, part of property occupied, dates.

Section 7

This is about your **future planned availability**, for short-term letting: the total nights you intend to let over the next 12 months. (This needs to be at least 140 nights to qualify for business rating.)

Section 8

What is your pattern of availability across the year?:

- If you only close for the occasional family holiday, tick the Yes box, and move on to section 9
- If you are closed for longer periods of the year, for example during the winter months, then insert dates for your open periods e.g. 'Open 1 March to 31 December'. Make sure you write 'open' as well as any dates.

Section 9

Here you can state where you advertise your property. The VOA expects to see properties that are commercially available for short-term letting to be marketed:

- If you have your own website, give your website address
 - If you use an agent, give the agent's name, address, website and your property reference number
 - If you advertise on Facebook, give the Facebook Page link for your property
 - If you use an Online Travel Agent (OTA) such as Airbnb, give either the website and property reference, or the unique property listing URL for your property:
 - On Airbnb, you can find the unique property link under Menu > Listing > Custom link.
 - Example format, on Airbnb: <https://airbnb.com/h/thisismyproperty>
 - If you mainly market offline, provide some details and perhaps attach a sheet to explain what you do
- If you use various channels, just give the main one - this does not need to be comprehensive.

Part B

Section 10

Section 10 asks you to list your units at a particular property, and give details of each.

- If you have a single unit at a single property, just complete the first part for the first unit, and then move on to section 11. If you have multiple units at one property, fill in the details of each unit.
- 'Other accommodation' means any accommodation not covered in how many main bedrooms and bathrooms that you have. For example, glamping pods or similar. If you put anything in here you must describe it in the Further Information section, at the end of the form. Most Members should be able to leave this blank.
- Maximum number of persons - calculate this based on how many single bed spaces (SBS) you have. Exclude any temporary beds e.g. zed-beds.
- Insert a tourist board grading if you have one
- Date field - unfortunately, this is not defined by VOA on the long form. We understand this should be either 31-3-2023, or your relevant accounting year end date for this unit if different. This is a new field, and we are awaiting confirmation from VOA on this.
- You can then give the year data for each unit of the property: nights available, nights actually let, income excluding VAT but including commission, the tariff per night (peak and low), and the date on which you

met the '70 nights let' requirement. You may need your letting calendar to hand to calculate this.

Section 11

- When your property is let through an agency or Online Travel Agency (OTA), the letting Income figure **must include any commission** you pay to agents or OTAs. So if you normally base your income figure on bank receipts, you need to add back the commissions paid to agents/OTAs. You can then deduct this figure later down the calculation in this section.
- We have been offered the opportunity of providing **certified copies of accounts** for the years to March 2021, March 2022 and March 2023, which will save answering much of the Income & Expenditure questions. You can tick the box at the bottom of page 5 to indicate that you are including additional sheets for certified accounts. Then you actually need to attach the accounts.
- If you are not providing certified accounts, you have to work your way through section 11, breaking down every component of your expenditure over the aforementioned years.
- Make sure these are ex VAT figures, if you can. If you are not able to provide excluding VAT figures for expenditure (e.g. if you are not VAT registered, or are on a VAT Flat Rate Scheme), provide ex VAT figures for the income section at least. You can add a note under the Further Information/Remarks section at the end about expenses.
- At the bottom of section 11 you need to tick boxes if you are providing any additional sheets of information, such as certified accounts, or wages and NI. You must attach these securely to the form.
- The rest of part B is straightforward.

Part C

Here the long form and the short form diverge:

Long form: If you are freehold, tick YES and move on to part E on page 8, to complete the declaration. Otherwise, complete part D.

Short form: Declaration

Part D

Long form: Section D parts 13–24 is all about Annual Rents. This section really depends upon your business set-up and whether you either pay rent or as the owners of the property you charge your own business a rent. You may need to consult your accountant in order to make sure you fill this section in correctly. This is not a section that PASC can individually assist you with.

Short form: Contact details

Part E

Long form, this is the declaration that you have filled it in correctly and completely.

Short form: there is no part E or part F.

Part F

On the long form, this is just contact details.

Further information and Remarks

This section is available on all versions the form (short/long, Wales/England).

This is the place to put the following information.

1. Start with a short description of your business.

No longer than, for example:

Higher Wiscombe is a business that comprises three holiday cottages, one that sleeps 20 in 10 bedrooms, and two that sleep six in three bedrooms. All bedrooms are ensuite, all the cottages are rated at 5 star. There is a heated outdoor pool in summer and a games room with table tennis and table football. Set in 52 acres it is accessed along a private $\frac{3}{4}$ mile drive. The business is open 365 days a year. All bookings are managed directly with no agency involvement.

2. Make sure that any facilities that are offered to guests are included. Remember, the higher the inputs and facilities the more likely that you will get the lower percentage on the Practice Note.

Things to include:

- Swimming pools, if outdoor when open
- Tennis Courts
- Games Room
- Soft play areas
- Sauna
- Animal petting
- Onsite visitor support
- Spa
- Bar
- Land that guest have access to

3. This is not a place to put anything about how unfair the Business Rates system is or that you have got increased competition I'm afraid, they will just ignore this.

4. Other things that can go in this section:

If your turnover had varied by a fair margin, up or down during the last three years, it is best to explain this. If for example you had a record year because there was a huge building site nearby and you were full over the winter with workers from the site, but it was a one off, then they may discount this

additional income. If your turnover has been flat over the last three to four years it is worth pointing out that it had dropped more than 10% in real terms when inflation is taken into account.

This is also your opportunity to put any other really unusual factors that may help mitigate your Rateable Value that I have not included in the list above. One that might apply would be a massive increase in local competition, probably for a site like AirBnB. This would need to be local competition, so a search on Southleigh Devon's results as opposed to Devon's results.

Some examples of what is not unusual would be the following:

High cost of providing Wifi in rural areas. This is a cost and shows in the accounts and ripples through to profitability, so they would not consider this.

High Cost of heating a pool, resulting in higher utility bills. This also would show in the accounts and ripples through to profitability, so they would not consider this.

High cost of animal feed. High cost of towels for the Spa, as in the two examples above they would not be considered.

The facilities that we have listed any others that you have that are similar would be taken into mitigation towards the lower percentages due to the labour inputs in providing these facilities, so make sure that you list all.

In this section you can also include any explanation about the accounting information you have supplied e.g. re section 11 VAT.

6. Practice Note 2023 Published

The new 2023 Practice Note for self catering has been published on the VOA website. The broad approach is similar to previous Practice Notes.

This new Practice Note sets out the percentages and classifications for self-catering.

The Note can be found here.

<https://www.gov.uk/guidance/rating-manual-section-6-part-3-valuation-of-all-property-classes/section-480-holiday-accommodation-self-catering>

It's long, but well worth reading to get a fuller understanding of the process. However, the key section, as far as getting your Rateable Value down, is found by clicking on the link above, and scrolling down to Practice Note 1: 2023 – holiday accommodation (self-catering). In section 4 and subsequent sections you will be able to see what 'grade' of business you have, plus the percentages that should be applied. Note that there was a one-third reduction negotiated for many self-caterers by PASC, reflected in the previous Practice Note.

This is vital for those of us carrying out the 'Check' and 'Challenge' process as it finally gives you a formal link to the changes that we have negotiated. Those who for any reason have only completed their 'Verification' to show that they own the property and have not started the 'Check' process should refer to this document, and either scan elements in from section 4.3 or take images and include them or at least use the link above. This should avoid making a 'Check' to a VOA office that is still unaware of these reductions and changes.

There is also a range of further information at this link, about the Rating Manual section 5a (holiday accommodation).

7. Avoid cowboy Business Rates Consultants

A regular call recently has been from Members regarding cowboy Business Rates consultants. These can take numerous forms: they may ask for a flat fee upfront or a no-win no-fee option. In both cases, Members get asked to sign a contract and in the vast majority of cases that is the last they hear from the so-called consultant. If the Member subsequently manages to reduce their Business Rates via other means they are likely to receive an invoice for commission as per the contract that they have signed, regardless of the fact that the consultant did absolutely nothing.

These companies are relatively easy to check on the internet. Many of them are on various review sites, and it will quickly become apparent to you whether they are effective or not. Simply enter their name and put customer reviews after it. Can be very illuminating.

When we start to cover Members moving to the 'Challenge' process, having competent professional advice will be **absolutely** critical, as this is much more complex than the 'Check' process, and these companies are unlikely to offer it. It is unlikely that Members will be able to successfully 'Challenge' without professional help.

Many thanks, and as always, any questions, just let us know.

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