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Communities and  
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3 January 2018

Dear Clive,

## **CONSULTATION AND DRAFT BILL: BUSINESS RATES IN MULTI-OCCUPIED PROPERTIES**

On 29 December, the Department for Communities and Local Government published a technical consultation document and draft bill containing measures to amend the Valuation Office Agency's practice of identifying rateable businesses in multi-occupied buildings. These changes are designed to return the Valuation Office Agency's practice to its position prior to the Supreme Court Judgment of *Woolway (VO) v Mazars* [2015] UKSC 53, the consequences of which have become known as "the staircase tax". I would welcome the Committee's views on the consultation.

The practice of identifying rateable businesses in multi-occupied buildings had remained stable and understood for more than 50 years. Now many ratepayers who previously received one rates bill for their contiguous occupations in a building are receiving multiple bills. Some ratepayers have consequently experienced an increase in their total rateable value (and therefore rates bill), while others have lost their small business rate relief. Some ratepayers have seen these changes backdated as far as 1 April 2010.

In the Autumn Budget the Chancellor of the Exchequer announced that the Government would legislate to address the so called "staircase tax". The consultation document and draft bill set out how we plan to change the law and how we plan to implement the change. Although this is only a short bill, it applies to a field that the Supreme Court described as 'complex' and 'multi-faceted'. Publishing in draft therefore ensures that we can consult fully with stakeholders and experts before introduction to the House.

The provisions of the Bill will have retrospective effect to 1 April 2010 so no ratepayer will ultimately be disadvantaged by first publishing in draft. Nevertheless, it remains important that we move as quickly as practicable to change the law. In light of these considerations, I have allowed eight weeks for consultation which, whilst being less than the usual consultation

period, will still allow sufficient time for rating experts and others to consider and discuss with us the draft provisions. I trust this meets with your approval.

I am placing a copy of this letter in the Library of the House.

Yours sincerely,

A handwritten signature in blue ink that reads "Marcus Jones". The signature is written in a cursive style with a large, prominent 'M' and 'J'.

**MARCUS JONES**

Letter approved by the Minister and signed in his absence

