



VALUATION OFFICE AGENCY

www.voa.gov.uk

FIBRE RATING

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Valuation Office Agency



- VOA- Executive Agency of HM Revenues & Customs
- Independent to Rates Collection Authorities
- Largest employer of Chartered Surveyors in UK
- 22 Offices in UK and Head Office in London
- Specialist Valuation Teams
- Telecoms Team (4)
- Website: www.voa.gov.uk

- Value 1.7 million properties for ND Rates
- Also value – Domestic property for Council Tax

NON-DOMESTIC RATING



- Local taxation system – LGFA 1988
- Applies to all relevant Non-Domestic property
- Includes telecoms Infrastructure
- Uniform Business Rate – Set by Government
- Rateable Value – Determined by VO
- Revaluations every 5 years (next in 2010)
- Notional Liability = $UBR \times RV$



Rateable Telecoms Infrastructure

- BT's network – Access, Core, Exchanges
 - Fibre Optic Networks
 - Cable TV Networks
 - Mobile Phone Base Stations
 - Broadcast and other Mast sites
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- Fibre Optic Networks – Vtesse Court of Appeal Decision 2006
 - Optical Fibres are rateable to the operator who lights the fibres

Valuation for NDR



- Based on annual Rental value – 2 years before list date (AVD)
- 2005 Rating list based on rent as at 2003
- 2010 Rating list will be based on rent as at 2008 (NOW)
- Statutory Assumptions (Schedule 6 LGFA 1988)
eg. Tenant pays for repairs and insurance.
- VO analyses market evidence to produce scales of rental value
- VO assessments subject to appeals
- Vtesse case – 2000 List (awaiting Lands Tribunal decision)



Vtesse Case – Lands Tribunal

- LT Hearing concluded 30 July 2008
- LT decision awaited
- Issues put to the LT include:
- Quantum of Vtesse Fibre Network Valuation
- Comparison with BT's RV
- Competition issues and European Law
- VO's fibre rent scale for 2000 list



Vtesse Case – European Court

- Vtesse State Aid complaint to EC on BT Valuation
- EC decision 12 October 2006
- No State Aid
- Rating system applied correctly by VO

- Vtesse appeal EC decision to European Court of First Instance
- Litigation ongoing
- European Law stands as Stated in EC decision until court determines otherwise.

Summary



- Fibre Optic Networks are rateable (Court of Appeal)
- Vtesse 2000 List LT case outstanding
- LT decision may clarify valuation approach
- Vtesse State Aid appeal to ECJ outstanding
- Expert advice on Rating Valuations
- VO Practice Note – December 2008 (subject to LT)
- Informal advice from VO – estimates of RV

- Potential Liability to NDR needs to be taken into account in Business Plans