



Treasury Committee

House of Commons, London SW1A 0AA

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Melissa Tatton CBE
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Valuation Office Agency
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5 September 2017

Dear Ms T. Tatton

The so-called “Staircase Tax”

Firstly, I would like to offer you my congratulations on your appointment as Chief Executive of the VOA. I look forward to a constructive relationship between your agency and the Treasury Committee.

As you know, there has been a great deal of media focus in recent weeks on the decision that businesses should now receive individual rates bills for each floor that they occupy if the areas between the floors are communal (whereas they will continue to receive a single rates bill if they occupy multiple floors, but can access them via a private staircase or walkway).

I understand that this was a decision taken by the Valuation Office Agency following a Supreme Court ruling, and that the additional charges are backdated to April 2015 in England and April 2010 in Wales.

At first sight, it seems unfair to tax businesses differentially depending solely on whether the staircases between their rooms are communal or private. But the Supreme Court has determined what the law says on the matter, and it will be for Ministers to decide whether the law should be changed to address the apparent unfairness.

It also seems particularly harsh for the increase in rates to be backdated, and I would be interested to know the VOA’s reasons for backdating it.

I would also be interested to know what analysis has been conducted on the winners and losers. It is conceivable that some businesses’ rates will go down if they are split into two

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separate bills – for example the rateable value of each of the discrete parts of a business' property might render it eligible for small business relief.

- How many business will face a higher rates bill as a result of this decision?
- What is the average size of the increases that they face?
- What, if any, transitional relief is available to businesses whose rate increase in these circumstances?
- How many businesses will face a lower rates bill as a result of this decision?

I will be placing this letter, and your response in due course, into the public domain.

I am sending a copy to Jon Thompson at HMRC.

Yours sincerely,



The Rt Hon. Nicky Morgan MP
Chair of the Treasury Committee