

CHANGES TO THE RATES LIABILITY OF EMPTY AND PARTLY OCCUPIED PROPERTIES TO TAKE EFFECT FROM 1 APRIL 2008

1. The Government has reformed empty property relief in order to provide a strong incentive to bring empty property back into use. This will help to increase the supply of premises to let, and so reduce business rents and improve the competitiveness of the UK, as well as bringing forward brown field sites for re-development and so reduce the need for new development on environmentally valuable greenfield land. The reforms to empty property relief have consequential impacts for the rates liability of partly occupied properties that have been apportioned.

So what will this mean for my rates liability?

2. As of **1 April 2008**, most property that has been empty for more than three months - or, in the case of industrial property, for more than six months - will no longer receive relief from rates.

3. After the initial three or six month rate-free period expires, empty property will be liable for 100% of the basic occupied business rate, unless it:

- qualifies for the new zero rate provided by the Rating (Empty Properties) Act 2007. From 1 April 2008, the rates liability of empty property that is held by a charity and appears likely to be next used for charitable purposes, or that is held by a community amateur sports club and appears likely to be next used for the purposes of the club, will be reduced from 10% of the basic occupied rate to zero.
- qualifies for an exemption from rates under the NNDR (Unoccupied Property) Regulations. While the current permanent exemption for industrial property will be reduced to six months, the Government proposes to preserve the majority of the other existing exemptions unchanged.

However, the Government is consulting on possible reforms to the exemption for empty property that is listed or subject to a building preservation notice; and on the possibility of extending the exemption from rates for empty property held by companies in liquidation to that held by companies in administration. You can have your say by responding to the consultation paper, available at: <http://www.communities.gov.uk/index.asp?id=1511767>, before 1 October 2007.

Can I get my property taken out of the rating list altogether?

4. If your property is not capable of beneficial occupation – for instance, if it is in poor condition and cannot be economically repaired - your valuation officer may judge that it should be taken out of the rating list altogether. However, please be aware that if the state of your property is damaged for the purposes of avoiding rates, under new anti-avoidance legislation introduced by the Government your valuation officer will be required to disregard the change in the property's state when assessing its rateable value. So for instance, if the roof is removed from an empty property for the purpose of avoiding rates, it may be valued as if the roof had not been removed.

5. The Government is currently consulting on the detailed operation of these new anti-avoidance measures. You can have your say by responding to the consultation paper, available at <http://www.communities.gov.uk/index.asp?id=1511767>, before 1 October 2007.

How will my rates liability be affected if my property is only partly occupied?

6. If a property is only partly occupied, the billing authority has discretion to request that the valuation officer apportions the property's rateable value between its occupied and unoccupied parts.

7. At present, broadly speaking, the empty property rate applies to the empty part of an apportioned building and the occupied business rate applies to the occupied part. From 1 April 2008, as a consequence of the reforms to empty property relief, the empty part will receive a complete exemption from rates for the first 3 months it is empty (or, if it is an industrial property, for the first 6 months). After the initial rate-free period expires, in most cases the apportionment will cease to have effect and the occupied business rate will apply to the whole property. This will ensure that occupiers can benefit from any occupied business rate reliefs to which they are eligible - such as small business rate relief - on the whole of the property, not just the occupied part. However, if the property would qualify for the new zero rate or for an exemption from rates when empty, the apportionment will continue to have effect and the owner will not be liable for rates on the empty part.

Can I appeal against the change in my rates liability?

8. The changes in rates liability arising from the reforms to empty property relief are not in themselves grounds for appeal. However, if you disagree with the rateable value that appears in the current rating list entry for your property, under the existing arrangements you may challenge it by making a 'proposal' against it to your local valuation office. Your rights of appeal are not affected by the reforms to empty property relief and you can contact this authority or the local valuation office for further information about the arrangements for making proposals

Information provided by



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