

IMPORTANT INFORMATION FOR THE OWNERS/LEASEHOLDERS OF EMPTY NON-DOMESTIC PROPERTIES

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

The Government has reformed empty property relief in order to provide a strong incentive to bring empty property back into use. These changes are intended to:

- help increase the supply of premises to let
- reduce business rents and improve competitiveness in the UK
- bring forward brownfield sites for re-development and so reduce the need for new development on environmentally valuable greenfield land

The reforms to empty property relief also affect liability in respect of partly occupied properties that have been apportioned for the purposes of relief under S44A of the Local Government Finance Act 1988.

So what will this mean for my rates liability?

From 1st 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.

After the initial three or six month rate-free period expires, the owners of empty property will be liable for 100% of the basic occupied business rates with the following exceptions:

- Property owned by a charity or community amateur sports club that will qualify for the new zero rate provided by the Rating (Empty Properties) Act 2007.

From 1st 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 it is held by a community amateur sports club and appears likely to be next used for the purposes of the club, will no longer be liable to empty property rates.

- Property that qualifies for an exemption from rates under the NNDR (Unoccupied Property) Regulations, including listed buildings, properties with rateable values below £2200 and properties where the owner is subject to liquidation or bankruptcy.

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 considering 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.

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

If your property is not capable of beneficial occupation - for instance, if it is in poor condition and cannot be economically repaired – the valuation officer may judge that it should be taken out of the rating list altogether. However, please be aware that if your property is damaged for the purposes of avoiding rates, under new anti-avoidance legislation introduced by the Government the 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 purposes of avoiding rates, it may be valued as if the roof had not been removed.

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

If a property is only partly occupied for a short period of time the billing authority has discretion to request that the valuation officer apportions the property's rateable value between its occupied and unoccupied parts. 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 1st 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. However, occupiers can benefit from any occupied business rate relief to which they are eligible – such as small business relief – on the whole of the property, not just the occupied part.

Where a partly occupied property qualifies 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?

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 of your property you may challenge it by making an appeal to the local valuation office. Your rights of appeal are not affected by the reforms to empty property relief.

You can contact the local valuation office at West Block, Westbrook Mills, Borough Road, Godalming, GU7 2SG (telephone: 01483 702900) for more information. Alternatively visit the Valuation Office website at www.voa.gov.uk