

### Liability for Business Rates during Property Refurbishment

This newsletter sets out the exemptions from business rates for non-domestic properties.

#### **Retail property**

- 100% relief for a continuous period of three months only.
- Changes of ownership during the three-month period do not trigger a fresh three-month exemption. The exemption applies to the property, not the person paying the rates.
- Short-term occupation of the property (of six weeks or less) by, for example, a tenant or licensee during the three-month period will be ignored. The three-month period and the business rates exemption will continue to run during that period of short-term occupation. This rule prevents owners from gaining additional periods of rates exemptions by establishing a temporary letting.
- If the property is let or occupied for a period of more than six weeks, the rates exemption will end at the start of that period, but when the property becomes vacant again, a new exemption period can be claimed.

#### **Industrial and warehouse property**

- 100% relief for a continuous period of six months only.
- Short-term occupation of the property (of six weeks or less) by, for example, a tenant or licensee during the six-month period will be ignored.

#### **Other exempt properties**

- Properties whose owner is prohibited by law from occupying it or allowing it to be occupied (for example, where there has been a breach of fire safety and a prohibition notice has been served).
- Properties that cannot be occupied due to the action of a public authority (for example, where the property is closed due to a prohibition order for health and safety reasons).
- Listed properties (including property that forms part only of a listed property).

**If you would like to discuss any of the matters raised in this newsletter please contact:-**

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*The information in this newsletter is not meant as a substitute for advice on particular issues and is written in general terms. You should seek specific advice before taking any action based on the information in this newsletter.*

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*This newsletter outlines the law as it stands at the date of writing in April 2015.*

- Empty properties:
  - with a rateable value below a certain threshold (£2,600 from 1 April 2011);
  - whose owner is entitled to possession in their capacity as trustee under a deed of arrangement;
  - owned by individuals subject to a bankruptcy order;
  - owned by a company subject to a winding up order; and
  - owned by a company in administration. However, an administrator is liable to pay business rates where property is being used (for example, where a company in administration continues to trade from the property).

### **Small business rate relief**

- Where a property is occupied by a small business and it has a rateable value below £18,000 (£25,500 in Greater London), the business may be entitled to a discount of up to 50% on its rates bills.
- Until 31 March 2015, there is full relief for eligible small businesses occupying property with a rateable value of up to £6,000 and tapering relief for businesses with a rateable value of up to £12,000.

### **Zero rating**

Certain property is “zero rated” where the property is empty and the property owner is:

- A charity and it appears that, when the property is re-occupied, it will be wholly or mainly used for charitable purposes (whether of that charity or that of other charities).
- A community amateur sports club (CASC), where it appears that when the property is re-occupied, it will be wholly or mainly used for the purposes of that CASC (or for the purposes of that and another CASC).

Empty properties held by charities or CASCs pending disposal for other purposes will not benefit from zero rating.

### **Discretionary relief**

The local council has discretion to grant relief in certain situations.

### **Partial occupation**

When a property is partly occupied, the property owner may apply via the local council to the Valuation Office Agency to have the rateable value split to reflect the occupied and unoccupied areas.