

## **BUSINESS RATES – EMPTY PROPERTIES**

The Rating (Empty Properties) Act 2007 which came into force on the 1<sup>st</sup> April 2008 significantly reduced the relief available to owners of empty business properties. Prior to the Act coming into force all commercial properties were entitled to 100% rate relief for the first three months from the date they became vacant. After that initial period offices and retail premises would be entitled to 50% relief until such time as they were reoccupied. In the case of empty industrial and warehouse premises they enjoyed 100% rate relief until their re-occupation.

With effect from 1<sup>st</sup> April 2008 following the initial three month rate free period offices and retail properties are now subject to 100% business rates. For industrial and warehousing premises 100% business rates must be paid once they have been empty for six months.

With effect from 1<sup>st</sup> April 2009 and initially for a one year period business properties which are empty and which have a rateable value of less than £15,000.00 are exempt from paying business rates.

There are a few other exceptions available where the property will not be subject to business rates but these are very limited and include circumstances where occupation is prohibited by law, for example, if the property is deemed to be a dangerous structure.

In addition, an exemption is available where the rate payer is a charity or a registered club for example, a sports club.

If the property is reoccupied in whole or in part for a six week period then the three month or six month period for rate relief commences once again. It may be beneficial in some circumstances, especially if there is a high rate liability, for landlords to let the property for a six week period or to occupy the property themselves for a business use, in order that the clock may start to tick once again in respect of the three month or six month exemption period.

If you require advice on any aspects of commercial property including sales, purchases and leases please contact Ruth Latham.

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