

## EMPTY PROPERTY RATES BRIEFING NOTE CHANGES TO REGULATIONS WHICH WILL COME INTO EFFECT ON 1 APRIL 2009



### INTRODUCTION

The Rating (Empty Properties) Act 2007 received Royal Assent in the summer of 2007 and following a consultation period significant changes to the current rating system were introduced.

The changes in legislation introduced on 1 April 2008 slashed the levels of rates relief available to owners of empty commercial property. Almost overnight for owners, investors and developers, the cost of owning commercial property became substantially more expensive.

The Chancellor recently announced minor amendments to the empty property rates regulations as part of the Government's attempt to mitigate the effect of the current economic downturn. This Briefing Note outlines the main changes to the legislation.

Alder King's rating specialists will be able to advise you on how you can create liability savings and minimise the impact that this legislation has on your business. Full contact details of the team are included overleaf.

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## MAIN CHANGES

- Owners of vacant property with a rateable value of below £15,000 will be exempt from rates payments for the period between 1 April 2009 and 31 March 2010. It is not intended these changes will provide rates relief past 1 April 2010.
- According to well-publicised Government figures, 75% of commercial properties in England and Wales have a rateable value of less than £15,000. What the Government has failed to mention is that the headline figure of 75% includes such weird and wonderful 'commercial' entities such as beach huts, mobile phones masts sites, car parking spaces and public buildings.
- Whilst the changes to the rating system are welcome, in our opinion the changes will be of little or no benefit to the vast majority of small and medium sized companies. Most shops, offices, warehouses and factories have a rateable value in excess of £15,000.
- This means in terms of immediate relief the Chancellor has provided very little benefit for the types of property owned or occupied by Alder King's clients.
- This is particularly disappointing for clients who are facing a worsening economic outlook with increasing holding costs of vacant buildings, which are not producing an income.
- There are still ways however to mitigate your rates liability. Alder King has acted successfully on behalf of clients in securing reductions in liabilities through a variety of methods. In many instances, savings can be readily achieved without the need for any physical alterations being made to a property.
- If you would like to discuss the ways to reduce ongoing rates liabilities then please contact one of Alder King's rating specialists. Full contact details for the team are listed below.

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