

## Business rates reliefs

### Business Rates - background

Business rates are charged on all non-domestic properties that do not qualify for an exemption. They are normally paid by the occupiers of premises. Currently business rates are calculated according to a property's "rateable value". The rateable value is intended to reflect the estimated annual rental value for the property. The figure is set by the Valuation Office Agency (VOA) every 5 years. The last revaluation took effect on 1 April 2017.

The rates bill an occupier pays is calculated by taking the rateable value set by the VOA and multiplying it by the business rates multiplier set by central government.

### Business Rates Reliefs

Rates can be a large overhead for any business and some of the reliefs available are outlined below:

#### Transitional Relief

Following a revaluation, transitional relief can limit the amount of increase or decrease in order to produce a gradual phased change to the rates bill. This is good for businesses suffering a significant increase in their rates bill but not so good for businesses that have been given a reduction, as that too will be phased in and will not take effect immediately.

#### Empty Property Relief

##### Full relief

While they remain unoccupied no rates are payable on the following types of property:

- Listed buildings

- Properties used for charitable purposes and owned by a charity
- Properties with a rateable value below £2,900
- Community amateur sports clubs, but only if the next use of the property will be as a sports club.

#### 3 month relief

Most properties can benefit from empty property relief for 3 months. Industrial properties receive an additional 3 month period of relief on top of this.

To benefit from relief, rates payments must be up-to-date and the property occupied for a period of at least 6 weeks prior to being vacated.

The party liable to pay rates on an unoccupied property is the "owner". This is the party entitled to possession of the property. This definition includes a tenant who has vacated a property but not surrendered or otherwise parted with possession of its interest in the property.

#### Properties incapable of beneficial occupation

The recent case of *Newbiggin v Monk* has confirmed that if a property is genuinely incapable of beneficial occupation because it is being redeveloped or refurbished, 100% relief from business rates should be available.

There must be a genuine programme of redevelopment works. Stripping out premises merely to limit liability is likely to fall foul of anti avoidance legislation.

It is also important to remember that parts of a property can become capable of beneficial

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## Business rates reliefs

Continued

occupation before the whole during redevelopment and those parts can then be separately listed and rates charged accordingly.

### Small Business Rate Relief

#### Full relief

No rates are payable if:

- Your business only has one property and its rateable value is below £12,000; or
- If the business is in a rural area with a population below 3,000 and it is:
  - the only village shop or post office with a rateable value up to £8,500; or
  - the only public house or petrol station with a rateable value up to £12,500.

#### Sliding scale of relief

If the rateable value is between £12,001 and £15,000 a sliding scale of relief is applied from 0-100%.

### Part-occupied properties

Relief is available if there is only partial occupation of a property for no more than 6 months in any 12 month period.

### Charities

There is a mandatory relief of 80% for charities or community amateur sports clubs if they occupy property wholly or mainly for charitable purposes. The local rating authority has discretion to increase this to 100%.

### Enterprise Zones

Billing authorities have discretion to allow relief of up to £55,000 a year over a 5 year

period if a business is either starting up or relocating to an Enterprise Zone.

### Exempted buildings

If you meet strict legal requirements you will not pay business rates on the following:

- Agricultural land and buildings
- Buildings used for the training or welfare of disabled people
- Church halls or buildings registered for public religious worship

### Temporary Reliefs

The 2017 Budget provided a £300 million fund for billing authorities to grant relief to businesses in financial difficulty and where it is in the interests of the local community to do so.

In addition, for the 2018 to 2019 tax year, there is still a £1,000 business rates discount for public houses with rateable values up to £100,000 subject to state aid limits for businesses with multiple properties.

### Further information

This information sheet has been prepared to highlight some of the key business rate reliefs available. It is based on our understanding of the Regulations as at March 2019 and may be affected by subsequent changes to the Regulations. For further information, please contact Penny Edgar on 01892 510000 or email at:

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