

## Insights

# EMPTY PROPERTY RATES

Oct 15, 2021

Following recent court decisions, the options available to an owner of empty business premises to avoid a liability for empty property rates have been reduced.

This matters because no rates are payable for the first three months in which rateable premises in England are empty. After a minimum of 6 weeks occupation, a further holiday from empty rates of up to three months applies again. This pattern of occupation and emptiness can be vital to a rates avoidance strategy. But whether or not there is a strategy, the three months exemption is important to owners seeking to control expenses.

Here comes a new threat.

A number of London boroughs will no longer ignore furniture left within premises when testing occupation. They will only consider premises vacant if:

1. The property is wholly devoid of all chattels, including tables, chairs and other equipment; or
2. The property contains only tables, chairs and other equipment but where these have been abandoned by an outgoing tenant.

This approach will extend to the treatment of serviced offices and only rooms from which furniture has been removed will be considered vacant for these purposes. Rooms which are unlet and unoccupied but where the operator's furniture remains in situ will be treated as occupied. This change in approach will become effective on 1st November 2021.

This is a reversal of existing practice.

It is likely however that there will be a test case as to the lawfulness of this change.

For the time being, the advice to property owners and asset managers must be that in order to ensure that your premises qualify for the three months exemption from empty rates, they must be kept vacant as described in the two points above.

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