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No Relief for Empty Property Owners

The Rating (Empty Properties) Act 2007 comes into force on 1 April 2008. The main effect of the Regulations is to remove the exemption from business rates for empty commercial properties. From that date, most property that has been empty for more than 3 months – or, in the case of industrial property, for more than 6 months – will no longer receive relief from rates.

After the initial 3 or 6 months rate free period expires, empty property will be liable for 100% of the basic occupied business rates unless it:-

- Qualifies for the new zero rate under the Regulations. From 1 April 2008, the rates liability of empty property that is held by a charity and appears likely to be next used for charitable purposes, or that is held by a community amateur sports club and appears likely to be next used for the purposes of the club, will be reduced from 10% of the basic occupied rate to zero
- Qualifies for an exemption for rates under the National Non Domestic Rates (Unoccupied Property) Regulations. While the current permanent exemption for industrial property will be reduced to 6 months, the government proposes to preserve the majority of the other existing exemptions unchanged
- You have your property taken out of the rating list altogether because it is not capable of beneficial occupation – for instance, if it is in poor condition and cannot be economically repaired
- Is only partly occupied and the valuation officer agrees to exercise his discretion to apportion the property's rateable value between its occupied and unoccupied parts.

The government's intention is to bring commercial premises back on to the market. However, given the present economic climate it may unwittingly be penalising landlords, particularly in the retail sector, who cannot let their properties because of over supply.

Energy Performance Certificates

The Energy Performance of Buildings Directive requires that from April 2008 any commercial property in the United Kingdom which is within the limits described below will require an Energy Performance Certificate (EPC) prior to its construction, sale or letting:-

From 6 April 2008:

An EPC is required on construction, sale or letting of commercial buildings of a floor area in excess of 10,000 sqm.

From 1 July 2008:

EPCs are required for the construction, sale or letting of commercial buildings with a floor area in excess of 2,500 sqm.

From 1 October 2008

EPCs are required on the construction, sale or letting of all remaining commercial buildings.

In addition:-

By 4 January 2009

A first inspection is required for all commercial buildings with existing air conditioning systems in excess of 250 kw.

By 4 January 2011

An inspection is required for all remaining commercial buildings with air conditioning systems in excess of 12 kw.

Penalties will exist for those who fail to comply which will be enforced by the Trading Standards Departments of local authorities and will be based on 12.5% of the rateable value of the building with a maximum cap of £5,000.

A shortage of assessors is anticipated so it is essential to act now if you have or are likely to have commercial buildings coming on stream for construction, sale or letting.

If you would like any advice on the matters covered in the above articles or any other property matters, please contact **Glyn Evans** on **01934 637911** / email **evans@powellslaw.com** or **Stephen Soper** on **01934 637915** / email **soper@powellslaw.com**.

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