

QuoinStone

Business Rates

Empty Property Business Rates

A Practical Guide



Introduction

QuoinStone Professional Services – the Business Rates Experts

QuoinStone Professional Services provide advice to landlords and tenants seeking to reduce their commercial property business rates liability.

Using a wealth of experience and expertise we manage, reduce or remove business rates liabilities for our clients.

We use our proprietary reporting tool to provide a live dashboard summarising the rates situation across properties and portfolios. This software has been developed to provide our clients with instant access and effortless investor reporting.



Reporting

Using our reporting dashboard, we provide our clients with instant live information on the rates situation across a portfolio.

Once a full assessment of the property and its circumstances has been undertaken, we identify the optimum solution and begin the process of mitigating the rates liabilities. Our clients are kept updated at every step of the process with online access to their dashboard.

This reporting tool is a unique system and sets the benchmark for the industry. By reporting in this way, our clients have access at any time of the day and from any device thereby reducing email traffic and improving the information flow.

Who does this affect?

Property owners are the main target of Empty Rates Tax, although this can also include tenants that no longer occupy the property but are unable to sublet, assign or surrender the lease. For tax purposes, a "property owner" is deemed the person entitled to possession of the property and the tax is based on the absence of an occupier which aims to discourage properties lying vacant for long periods of time, with little regard for the circumstances of the vacancy. Commercial property business rates are a complex tax to understand and are often not prioritised by property owners.

What is the QuoinStone approach?

When dealing with rates bills, the best approach is to be proactive. It is much easier and more efficient to mitigate potential liabilities than to try to challenge past liabilities.

Our approach offers a range of innovative and risk-free solutions to manage empty rates exposures. We work with our clients to plan actions, interventions and mitigations strategically to achieve the best results.



Options for Empty Property Business Rates

For each property, we assess the rates situation, real estate circumstances and client strategy to formulate the optimal approach.

Our range of options is outlined below.



1

Properties Unfit for Beneficial Occupation

The first place to start when assessing a property is whether it is capable of beneficial occupation. If the property is not, it may be removed from the rating list completely, thereby removing the liability entirely.

[Read more on page 05](#)

2

Properties Fit for Beneficial Occupation

If the property is deemed to be fit for occupation there are several exemptions and methods to help to eliminate or reduce the rates bill.

[Read more on page 07](#)

3

Measures to Minimise Business Rates Liability on Empty Property

If the property is only temporarily exempt for either 3 or 6 months, there are alternative methods to minimise the rates liability.

[Read more on page 09](#)

Properties Unfit for Beneficial Occupation

1

★ The first place to start when assessing a property is whether it is capable of beneficial occupation. If the property is not, it may be removed from the rating list completely, thereby removing the liability entirely.

The test of whether a property is fit for beneficial occupation can be nuanced and will depend on a myriad of factors.

Properties Undergoing a Programme of Alteration/Redevelopment

A property can be removed from the rating list if it is no longer capable of occupation due to ongoing alterations or redevelopment. Removal from the list is only possible once the works have begun. Properties that are demolished are also no longer rateable. Light refurbishment works such as a new shop fit do not always justify a removal from the rating list.

The VOA often challenge appeals related to alterations and redevelopment and will require proof of works including, for example, that planning permission exists or evidence that demolition/strip out has begun. We typically supply a broad spectrum of relevant information to build the strongest, most defensible case to the VOA.

Delaying Completion

A new build or redeveloped property becomes liable for rates on the date it is completed, so developers may try to delay formal completion until they have tenants ready to occupy the space.

This can be achieved in a number of ways depending on the circumstances and the type of property. Some local authorities are more proactive than others in monitoring building works, but most go through a formal process to formalise completion for business rates purposes.

The local authority may serve a completion notice if they believe the property could be completed within three months. The 3-month or 6-month rate relief period will then commence after the property is completed. This gives developers a potential for a minimum of 6 months where rates will not be payable.

Properties Unfit for Beneficial Occupation continued

Properties in a State of Disrepair

Properties that are damaged and “beyond economic repair” will benefit from rates relief.

Firstly, the works must be deemed as repairs and not renewals or improvements by the VOA. Then the VOA will consider if the required repairs are worth the landlord carrying them out. Both the nature of the repair and the economic worth of the repairs are subject to legal tests defined by previous case law.

If the repairs are substantial, and can be demonstrated to be uneconomic for the landlord to undertake then we can seek for the property to be removed from the rating list.

What constitutes a repair over a renewal or improvement depends on the circumstances, and the same applies for determining what is economically reasonable. A full assessment of the property and its circumstances will be carried out to ensure the best outcome.

It is worth noting that when determining a property's rateable value, the property is valued by the Valuation Office Agency (VOA) as if it were in a state of good repair, regardless of the actual situation. Therefore, a property that is not fit for occupation will stay on the Rating list unless it is challenged.

Severe Damage

Where a property becomes incapable of occupation due to a flood or storm or other external factor such as a fire, the property can be removed from the rating list. In this case, the damage to the property would need to be severe enough that substantial repair works will need to be carried out to bring it up to a level where occupation is possible.



Properties Fit for Beneficial Occupation

2

If the property is deemed to be fit for occupation there are several exemptions and methods to help to eliminate or reduce the rates bill. Exemptions are awarded by the Local Authority, so it can be a more efficient alternative to appealing a historic rates bill with the VOA. A full assessment of the property and its circumstances will be undertaken by us before we can determine what exemptions apply to the property and identify the most appropriate solution.

Exempt Properties

Commercial property, such as offices and shops qualify for 100% relief for a continuous period of 3 months. Industrial properties, such as warehouses and storage units qualify for 100% relief for a continuous period of 6 months. The relief period is triggered when the property becomes vacant after a period of occupation lasting more than six weeks.

Other exemptions include property:

- Listed by Historic England or a property that is partially listed.
- That can't be occupied due to being prohibited by law, such as a breach of building regulations.
- That is closed due to the action of public authority such as breaching health and safety regulations.
- That is empty and has a rateable value below the minimum threshold of £2,900.
- That is empty, whose owner is entitled to personal possession.
- That is empty, whose owner is entitled to possession as a trustee under a deed of arrangement.
- That is empty and owned by individuals subject to bankruptcy or a company subject to a winding up order or that is in administration.

Properties Fit for Beneficial Occupation continued

Discretionary Relief for Partial Occupation

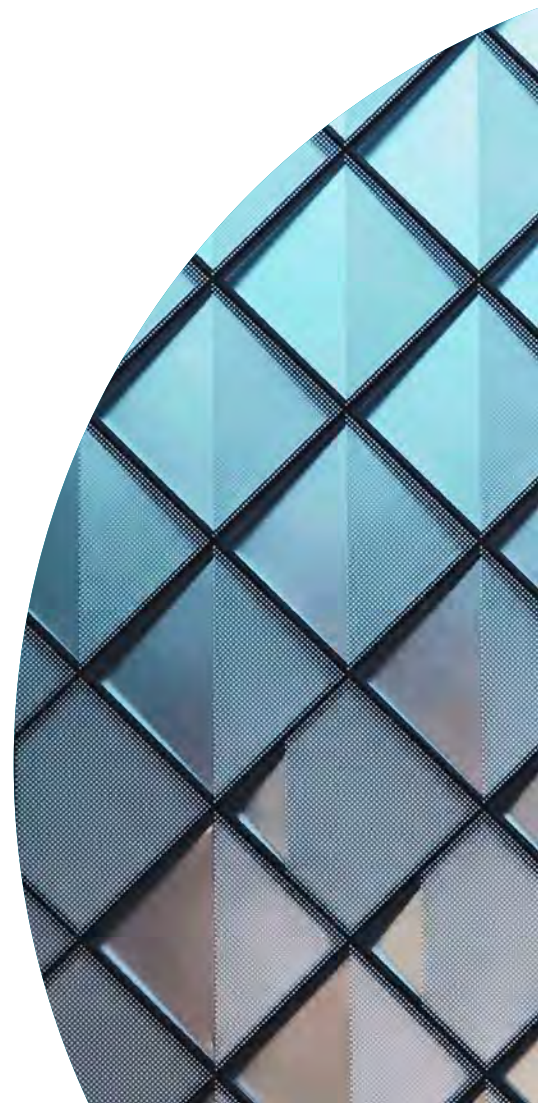
When the property is partially occupied, such as when some of the space is surplus to requirements, the local council has discretion to grant relief if the property owner applies for an informal split of the assessment to reflect the occupied and unoccupied areas.

Supply and Demand

A property may be removed from the rating list or be subject to a reduced rateable value if it is deemed there is no demand for the property and therefore commands nil rent. The VOA determines whether there is demand or not by considering comparable properties in the locality and whether the absence of demand is due to surplus properties that are similar or due to the owner's actions.

Zero Rating

An exemption exists where a property is empty and the owner is either a charity or a Community Amateur Sports Club (CASC) and when the property is re-occupied it will be mainly used for either charitable purposes or used for the purposes of a CASC, whether that is the owner occupying or another charity or CASC.



3

Measures to minimise business rates liability on empty property

If the property is only temporarily exempt for either 3 or 6 months, there are alternative methods to minimise the rates liability.

Temporary Occupation

This is a common method for mitigating rates. After the initial 3 or 6 month rate relief period, if the property is then re-occupied for a minimum of six weeks, this allows the owner to claim another 3 or 6 month relief period when the property becomes vacant again.

We work with many trusted occupiers who have requirements for short term occupation of various types of property and can repeat this process as many times as necessary until the property is let on a long-term basis.

Charity Occupiers

Charities as well as educational and religious establishments qualify automatically for 80% rate relief, which can increase to 100% at the discretion of the local authority. An owner may consider renting on a monthly rolling basis rent-free to substantially reduce their rates bill.

Temporary Tenants

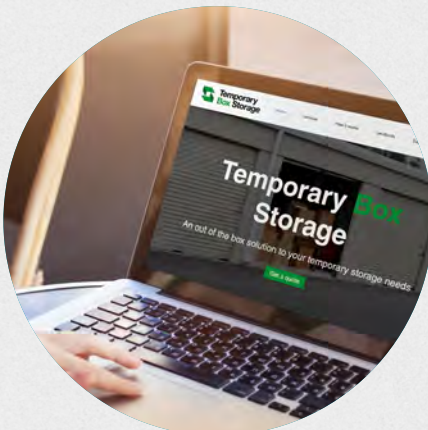
We work with a broad range of companies who are able to occupy properties on a temporary basis, including a box storage business and a Bluetooth marketing business. These businesses are subsidiaries of QuoinStone which enables us to guarantee performance and offer greater savings to the landlord.



Rebeacon

This Bluetooth beacon marketing technology provides location-based marketing for commercial property. Place a rebeacon Bluetooth beacon in your property and broadcast messages through Bluetooth proximity messaging to visitors, fellow professionals and potential tenants. We install these easily and discreetly within the property while the space continues to be advertised for rent with viewings conducted as normal.

www.rebeacon.live



Temporary Box Storage

This box storage business offers flexible temporary local storage across the areas that we operate.

www.temporaryboxstorage.co.uk

Our clients

Below are examples of recent feedback received from our clients who have shared their experiences of working with the QuoinStone team.

“

I cannot speak highly enough of the service Katy Ellis provided. She achieved significant rates savings for our business across an extensive and complex property portfolio. She is set apart by her upmost professionalism, her attention to detail, enthusiasm, trustworthiness, and willingness to go that extra mile to meet client's requirements.

Chris Green
Taylor Wimpey UK Ltd

“

QuoinStone advised on all aspects of our first commercial office and warehouse acquisition. It was abundantly clear their experience and longstanding property network was invaluable and we are already working with them on our next commercial property acquisition.

Marijke Varrall-Jones
Maak

“

I highly recommend Katy's services. She has successfully recovered overpaid business rates in excess of £700,000. She is easy to deal with and provides a seamless service with regular updates and minimal administrative input from us.

Paul Gilbert
London & Quadrant

“

Katy's business rates audit identified over £358,000 of refunds dating back to 2010. We are delighted by how swiftly this money was returned to us. She communicated regularly, was always professional and is highly experienced. We recommend her to anyone seeking a rates review.

Terry Chant
The Armed Forces Charity

Aitch
GROUP

BROCKTON
EVERLAST INC.

Brooksplace

CBRE Investment
Management

Doublet
Property Holdings

Epsilon

ING **IF** FUNDS

L&Q

maak
contemporary ceramics

Mobility
Giant

OCUBIS

QUINTAIN

Skills Training UK

ssafa
the
Armed Forces
charity

Taylor Wimpey

The QuoinStone Team

Our team has a huge passion for property, technology and solutions. In a rapidly changing industry we are well placed to continue to deliver excellence to our clients.



Tim Struth MRICS

Owner & CEO

Tim is co-owner responsible for management, operations and business strategy.

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Katy Ellis

Owner & Head of Business Rates

Katy is co-owner responsible for product, staff development and leads the Business Rates Team.

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Steve Howling MRICS

Owner & Client Relations

Steve is co-owner responsible for client networks and business growth. He leads on market intelligence.

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Billy Struth

Senior Surveyor

Billy leads on landlord strategic advice and rates mitigation services.

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Andy Sparsi MRICS

Associate

Andy leads occupier CCA 'Check Challenge Appeal' services and client liaison.

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Deborah Gallagher

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