

## Business Rates - Exempt Property Classes

Set out below is a list of the **occupied** exemptions as prescribed within Schedule 5 of the Local Government Finance Act 1988, together with a brief description.

Exemptions are not shown in the Local Rating List and it is a matter for the Valuation Officer, (An agent of HM Revenues & Customs), to determine whether the statute confers exempt status on a particular property or piece of land. The Billing Authority's role is, essentially, to monitor changes which might cause loss of exempt status and the consequent entry of the property or piece of land concerned in the Local Rating List.

### 1) Agricultural Land

This is defined as

- (a) Land used as arable, meadow or pasture ground only;
- (b) Land used for plantation or a wood or for the growth of saleable wood;
- (c) Land exceeding 0.10 hectares and used for the purpose of poultry farming;
- (d) Anything that consists of a market garden, nursery ground, orchard or allotment; or
- (e) Land occupied and used solely in connection with the use of an agricultural building(s).

The land must be used exclusively for the above reasons and any other use must be of a "de minimus" level.

The following are not considered to be agricultural land;

- (a) Land occupied together with a house;
- (b) Gardens (other than market gardens);
- (c) Pleasure grounds;
- (d) Land used wholly or exclusively for the purpose of sport and recreation;
- (e) Land used as a race-course.

### 2) Agricultural Buildings

A building is an agricultural building, if it is not a dwelling, and

- (a) it is occupied together with agricultural land and is used solely in connection with the agricultural operations on the land or
- (b) it is or forms part of a market garden and is used solely for agricultural operations at the market garden.

To qualify for the above exemption, the building must be occupied by the occupiers of the land or by individuals appointed to manage the land providing each occupies some of the land and there are not more than 25 of them in total.

De-minimus use of the building is defined as:

That when considering the sole use of the building, any period of time when it is not used for its normal purpose will be disregarded if it does not amount to a significant part of the time during which the building is occupied.

## Business Rates - Exempt Property Classes

### 3) Fish Farms

A Fish Farm is defined as “the breeding, rearing and cultivation of fish, and shellfish for the purpose of them to other waters or to produce food for human consumption”. Therefore, any land or building (other than a dwelling) used solely for, or in connection with fish farming will be exempt.

### 4) Places of Religious Worship

A property is exempt if it consists of the following:

- A place of religious worship which belongs to the Church of England, or
- A place of religious worship which belongs to the Church of Wales, or
- Is any other recognised religion

and the premises must be used and available for public religious worship.

- A Church Hall or similar building is also exempt if used in connection with a place of Religious Worship
- Providing it is occupied and connected with a place of Religious Worship and,
- Is used for carrying out administrative or other activities relating to the conduct of religious worship. (*An administrative function is defined as clerical work, handling money, bookkeeping etc.*).

The following points are to be considered in order to establish whether the above criteria have been satisfied.

- the nature and extent of the use of the premises.
- the extent of financial control, and actual control over membership.
- the relevance of the use to the primary activity of the organisation i.e. conducting public religious worship.

### 5) Certain Properties of Trinity House

Exemption is applied to property owned and occupied by Trinity House providing it is one of the following:

- A lighthouse
- A beacon
- A buoy, or,
- Property contained within the same cartilage as, and occupied for the purposes of a lighthouse.

### 6) Sewers

The definition of a sewer is contained in Section 343 of the Public Health Act 1936 and includes “all sewers and drains together with any accessory fundamental to the working of the sewer such as manholes, ventilating shafts and pumping station”.

However, sewage works and disposal works used in the treatment and disposal of sewage are rateable (not exempt).

## Business Rates - Exempt Property Classes

### 7) Property of Drainage Authorities

This exemption covers:

Any land which is occupied by a drainage company and forms part of a river or watercourse maintained by the authority, and,  
Any structure or appliance used for controlling the flow of water in or out of the watercourse.

### 8) Parks and Recreation Grounds

A park as defined in the Local Government Finance Act 1988 is such if it

- Is provided by, or is under the management of a relevant authority (i.e. a county council, district council, borough council, parish council or common council), and
- Is available for free unrestricted use by members of the public.

It will also include a recreational ground, a public walk, an open space and playing fields.

Any temporary closure at night is to be ignored for exemption purposes.

### 9) Property Used by the Disabled

The following properties are exempt if they are used “**wholly**” for the following purposes:

- The provision of facilities for training or keeping suitably occupied persons who are disabled or who are suffering from illness;
- The provision of welfare services for disabled persons;
- The provision of facilities under Section 15 of the Disabled Persons Employment Act 1944 to enable registered handicapped persons obtain employment;
- The provision of workshop or other facilities which relates to the provision of sheltered employment for registered handicapped persons.

A person is defined as “**DISABLED**” if they are blind, deaf, dumb, suffers from a mental disorder of any description, or is substantially or permanently handicapped by illness, injury, congenial deformity or any other disability prescribed for the purpose of Section 29 of the National Assistance Act 1948.

### 10) Air Raid Protection Works

A property is exempt if it consists of property which:

- is intended to be occupied or used solely for the purpose of providing protection in the event of hostile attack: and
- is not occupied or used for any other purpose.

## Business Rates - Exempt Property Classes

### 11) Swinging Moorings

Certain types of moorings which are used or intended for use by boats or ships and are equipped only with a buoy attached to an anchor, weight or other device are exempt if:

- they rest on or in the bed of the sea or any river or water in use: and,
- are designed to be raised from time to time.

### 12) Road Crossings over Watercourses

A property is exempt if it:

- consists of or has any of the appurtenances of a fixed road crossing over an estuary, river or other watercourse.

The definition of a fixed road crossing is *“a bridge, viaduct, or tunnel allowing vehicles and pedestrians to cross over an estuary, river or other watercourse”*.

### 13) Properties in Enterprise Zones

If a property is situated within an enterprise zone it is fully exempt from rates. If only part of the dwelling is within the zone, only that part is exempt.

Enterprise zones were established under the Local Government Planning and Land Act 1980, and were designated as such for 10 years. After this period of time, the properties are subject to pay the full charge.

### 14) Visiting Forces

A property is exempt if it:

- occupied for the purpose of a visiting force, or
- a headquarters in pursuance of arrangements made in that behalf with a Government department.

*A visiting Force means “any such body, contingent or detachment of forces of any country as is a visiting force for the purposes covered by the Visiting Forces Act 1952”, and Headquarters means “an international headquarters or defence organization designated under Section 1 of the International Headquarters and Defence Organisation Act 1964”.*

### 15) Crown Property

In accordance with general law, the crown is not bound by statute unless specifically referred to. Prior to 1 April 2000, all properties occupied on behalf of the Crown were therefore exempt. These included properties occupied by:

- government departments
- the atomic energy authority
- armed forces establishments

## Business Rates - Exempt Property Classes

These properties neither appeared in the Local or Central Rating Lists but in practice, Government departments always made a contribution in "lieu of rates" to the national Pool.

### Other Exemptions not covered under Schedule 5 of the Local Government Finance Act 1988

#### 1) Diplomatic Occupation

Although properties occupied by ambassadors and their staff are rateable, such persons are immune from prosecution under the Diplomatic Privileges Act 1964 and therefore recovery for payment cannot be enforced through the courts.

#### 2) Election Meeting Rooms

No rates will be payable where premises are used for the holding of public meetings in furtherance of a persons candidature at a parliamentary or local election, or in the case of a house, where a room is used by a returning officer for the purpose of taking the poll in such elections.

#### 3) Public Highways

Land which is dedicated to the public as a highway is not liable to rates as the public rights of use on the land effectively remove any value from it as no tenant would pay rent for land over which he has no right of restriction.

### Exemptions relating to Empty Properties (Classes)

#### A) Property Unoccupied for a period of less than 3 Months

A property is exempt from unoccupied rates on a day if the whole property has been unoccupied for a period which does **NOT EXCEED THREE MONTHS**.

Where a property becomes unoccupied and then occupied again within the three month exemption period, but the period of occupation is less than **SIX WEEKS**, although normal occupied rates are levied during that period, for the purpose of calculating the three month period (where the property will be exempt from the payment of rates), any period of occupation less than **SIX WEEKS** which takes place during the exempt period, or extends the three month period does **NOT** result in a further three month period of exemption being granted.

#### B) Occupation Prohibited by Law

A property is exempt if the owner of the property is prohibited by law from occupying it, or allowing the property to be occupied.

Examples could include service of a statutory notice for example a closing order or a demolition order but would NOT involve a mere planning breach or a breach of condition under a lease.

#### C) Kept Vacant by Action of the Crown

## Business Rates - Exempt Property Classes

Any property is exempt where it is kept vacant following action taken by, or on behalf of the crown or by a Local Authority prohibiting the occupation or acquisition of the property for example a compulsory purchase notice.

### **D) Listed Buildings**

Any property is exempt from unoccupied rates if it is:

- subject of a building preservation order under Section 58, or is registered as a listed building under Section 54 of the Town and Country Planning Act 1971.

### **E) Ancient Monuments**

Any property is exempt from unoccupied rates if it is:

- is an ancient monument as determined under Section 1 of the Ancient Monuments and Archaeological Areas Act 1979.

### **G) Properties with a Rateable Value less than £2,200**

Business Rates - Exempt Property Classes

Properties with a rateable value of less than £2,200 are exempt.

### **H) Possession Only as Personal Representative of A Deceased Person**

A property is exempt where the owner is only entitled to possession in their capacity as a personal representative of a deceased person.

### **I) Possession Only as a Trustee in Bankruptcy**

A property is exempt where the owner is subject to bankruptcy proceedings under the Insolvency Act 1986.

### **K) Possession Only as a Trustee Under A Deed of Arrangement**

A property is exempt where the owner is only entitled to possession in their capacity as the trustee under a Deed of Arrangement made under the Deeds of Arrangement Act 1914.

### **NB**

The Government is currently in the process of passing legislation that may well remove some of these exemptions; however this is still under consultation.

Further information can be obtained from the Department of Communities and Local Government website at [www.communities.gov.uk](http://www.communities.gov.uk)