



BUSINESS RATES MITIGATION

UNLOCKING OPPORTUNITIES FOR FINANCIAL
RELIEF

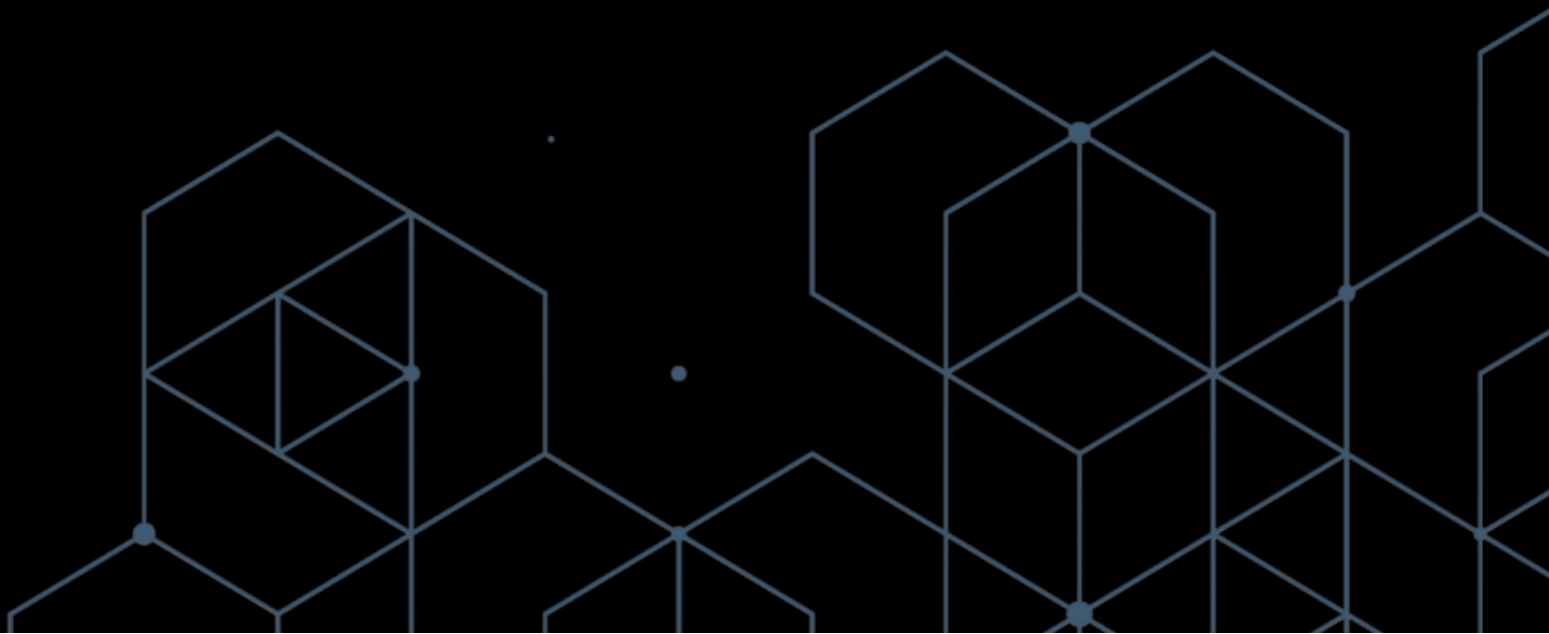
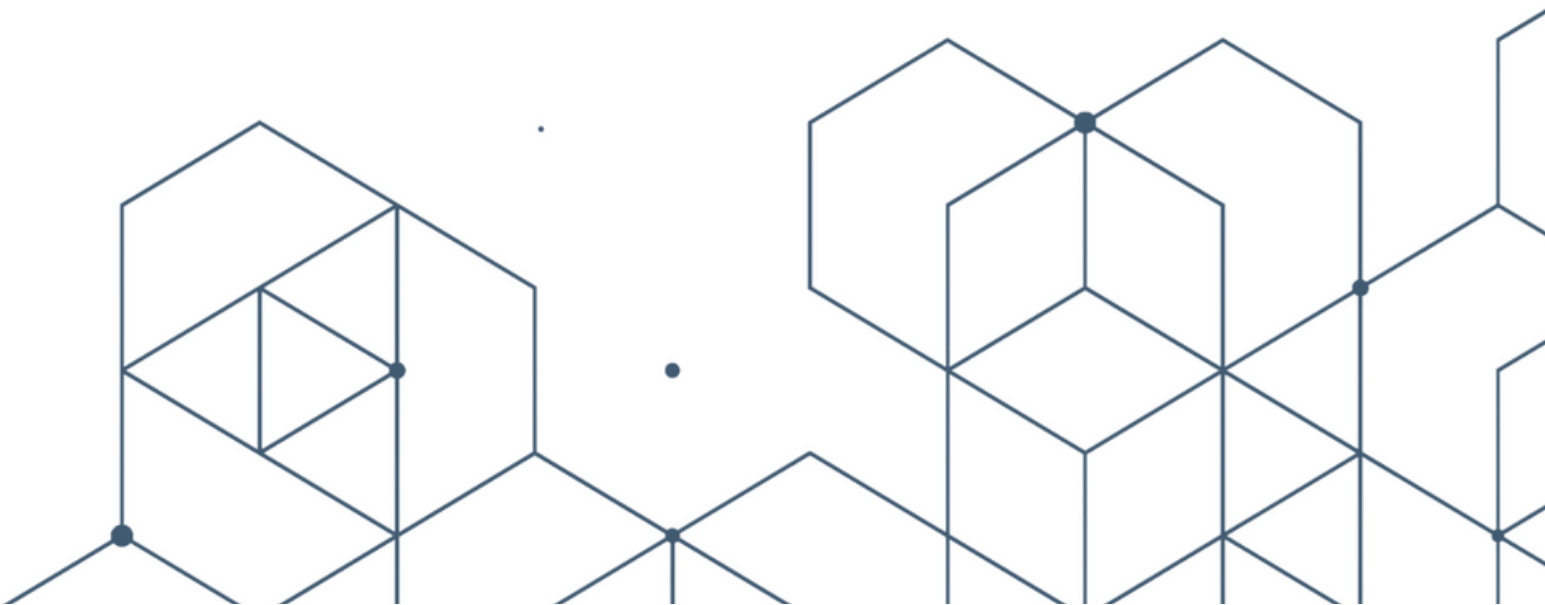


TABLE OF CONTENTS

- 1 INTRODUCTION
- 2 WHAT ARE BUSINESS RATES?
- 3 ORIGINS OF BUSINESS RATES
- 4 UNDERSTANDING THE RATEABLE VALUE
- 5 CALCULATING BUSINESS RATES PAYABLE
- 6 CHANGES IN EMPTY RATES RELIEF
- 7 OPPORTUNITIES FOR BUSINESS RATES MITIGATION
- 8 MITIGATION STRATEGIES
- 9 UNDERSTANDING INTERMITTENT OCCUPATION
- 10 WHY CHOOSE INTERMITTENT OCCUPATION?
- 11 ESTABLISHING A BENEFICIAL OCCUPATION
- 12 CONCLUSION



01

INTRODUCTION

Welcome to our brochure on Business Rates Mitigation, where we explore strategies to navigate the complex landscape of business rates and reduce your financial burden. Understanding the impact of business rates is crucial for businesses across the country. In this brochure, we will delve into the concept of business rates, their origins, the rateable value and calculation process, changes in Empty Rates Relief, and most importantly, opportunities for effective business rates mitigation. Let's embark on a journey to unravel the intricacies of business rates together.



02

WHAT ARE BUSINESS RATES?

Business rates are a tax imposed on non-domestic properties, representing a significant portion of a business's expenses. These rates are calculated based on the rateable value, which is determined by the Valuation Office Agency (VOA). As a result, business rates have a profound impact on the profitability of any enterprise.



03

ORIGINS OF BUSINESS RATES

Business rates have a rich historical background dating back over 400 years to the Elizabethan era. The modern system we know today came into effect in 1990, bringing consistency and uniformity across the country. Additionally, the business rates retention system introduced in April 2013 allows local councils to retain a portion of the rates revenue collected.



04

UNDERSTANDING THE RATEABLE VALUE

The rateable value is the key factor in calculating business rates. It represents the annual rental value of a property under the assumption of full repairing and insuring lease conditions. The VOA assesses and determines the rateable value, which is recorded on the Rating List. This list serves as a comprehensive record of all rateable values within a specific area, ensuring accurate and up-to-date assessments.



05

CALCULATING BUSINESS RATES PAYABLE

Business rates payable are calculated by multiplying the rateable value with the Uniform Business Rate (UBR) factor, which represents the amount payable per pound of the rateable value. The UBR is adjusted annually to align with inflation, ensuring business rates keep pace with economic changes.

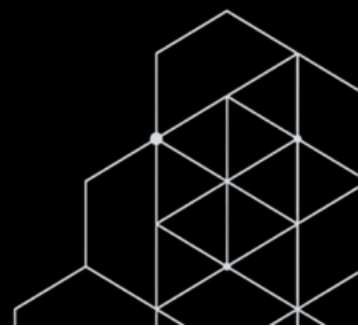


06

CHANGES IN EMPTY RATES RELIEF

Empty Rates Relief, which provides respite for businesses with unoccupied properties, has undergone significant changes over time. In 2007, the relief scheme was revised, reducing the grace period and eliminating reduced rates for certain properties. These changes aimed to encourage property owners to bring vacant properties back into use, stimulating economic activity.

In reality it forced landlords and agents to look for innovative tax saving opportunities.



07

OPPORTUNITIES FOR BUSINESS RATES MITIGATION

Despite the challenges posed by business rates, there are opportunities for mitigation. Certain properties qualify for exemptions, such as agricultural land, buildings used for training or welfare of disabled people, and those registered for public religious worship. Additionally, specific properties can qualify for extended empty property relief, and charitable rate relief is available to charities and community amateur sports clubs.



08

MITIGATION STRATEGIES

Landlords and property owners have explored various strategies to mitigate business rates.



METHODS

CHARITABLE OCCUPATION

Allowing a charity to occupy the property, potentially qualifying for exemptions or discounts on business rates.

VOLUNTARY LIQUIDATION

Placing the tenant into voluntary liquidation, potentially leading to reduced or exempted rates during the liquidation process.

AGRICULTURAL USE

Applying for a change of use for agricultural purposes, potentially qualifying for specific exemptions or reduced rates.

INTERMITTENT OCCUPATION

Utilising intermittent occupation to reset the rates-free period and reduce rates during vacant periods. This strategy has gained popularity for its effectiveness in business rates mitigation.



09

UNDERSTANDING INTERMITTENT OCCUPATION

Intermittent occupation is an effective method that allows property owners to reset the rates-free period and potentially reduce their business rates liability. The process involves a tenant taking beneficial rateable occupation of a property for a duration exceeding six weeks, during which they fully occupy and utilise the premises for their business activities.

Once the tenant vacates the property after the initial occupation period, an opportunity arises for the property owner. By taking advantage of intermittent occupation, the owner becomes eligible for a three or six-month empty rates exemption, providing significant relief from business rates during subsequent vacant periods.

The intermittent occupation strategy can be utilized repeatedly, enabling property owners to maximize the benefits of business rates relief. By carefully planning and managing occupancy periods, owners can reduce their overall rates liability and optimise their financial position.



10

WHY CHOOSE INTERMITTENT OCCUPATION?

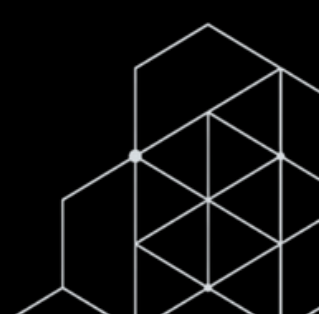
Intermittent occupation offers a range of advantages for businesses seeking to mitigate their business rates burden:

Flexibility: Intermittent occupation provides flexibility in property usage, allowing businesses to adapt their occupancy patterns to align with their operational needs.

Business Rates Relief: By utilising intermittent occupation, property owners can reset the rates-free period and benefit from empty rates exemptions during vacant periods, reducing their business rates liability.

Cost Savings: Reducing business rates can result in substantial cost savings for businesses, freeing up valuable resources to invest in growth, expansion, or other strategic initiatives.

Legal Compliance: Intermittent occupation adheres to the rules and regulations governing business rates, ensuring businesses can achieve rates relief within the framework of the law.



11

ESTABLISHING A BENEFICIAL OCCUPATION

In order to ensure the effectiveness of intermittent occupation, it is essential to adhere to four fundamental rules that establish a beneficial occupation.

By adhering to these four rules, property owners can establish a beneficial occupation that enables them to effectively utilise intermittent occupation for business rates relief. Resetting the rates-free period and accessing the associated empty rates exemption can significantly reduce the overall business rates liability, providing a strategic advantage to property owners.

Let's delve into these rules and understand their significance in unlocking the full potential of intermittent occupation for business rates relief.



FOUR RULES FOR EFFECTIVE INTERMITTENT OCCUPATION

RULE 1: ACTUAL OCCUPATIONAL POSSESSION

In order to ensure the effectiveness of intermittent occupation, it is essential to adhere to four fundamental rules that establish a beneficial occupation. Let's delve into these rules and understand their significance in unlocking the full potential of intermittent occupation for business rates relief.

RULE 2: EXCLUSIVE OCCUPATION OR POSSESSION

The first rule emphasises the importance of actual, tangible use of the property. It requires the tenant to physically occupy and utilise the premises as intended, going beyond mere intention. By actively engaging in business activities within the property, the occupier demonstrates a genuine and substantive presence.

RULE 3: VALUE OR BENEFIT TO THE OCCUPIER

In this rule, the occupier must derive some value or benefit from the occupation. This often takes the form of income generated from utilising the property for business or other purposes. By demonstrating the tangible benefits gained from the occupation, the occupier solidifies their claim to a beneficial occupation.

RULE 4: PERMANENCE

The occupation must have a certain level of permanence to meet the requirement for intermittent occupation. It needs to extend for a minimum period of six weeks to establish a meaningful presence. By meeting this threshold, the occupier can reset the rates-free period and access the associated empty rates exemption during subsequent vacant periods.



11

CONCLUSION

In conclusion, business rates are a significant tax on non-domestic properties, impacting a business's profitability. They have a rich historical background, dating back to the Elizabethan era. The modern system was established in 1990 for consistency across the country. The rateable value, determined by the Valuation Office Agency, is used to calculate business rates payable. Empty Rates Relief underwent significant changes in 2007, reducing relief for empty properties. However, there are exemptions and relief schemes available. Landlords and property owners have explored various methods, such as charitable occupation and intermittent occupation, to mitigate business rates. Intermittent occupation, in particular, allows property owners to reset the rates-free period and reduce their liability during vacant periods. By understanding these methods and utilising available exemptions, individuals and businesses can navigate business rates challenges more effectively.



ABOUT FUSE



Fuse Media was founded with a dual purpose in mind:

1. To streamline the tenant acquisition process by offering data connectivity solutions.
2. To alleviate the financial burden of holding costs for landlords during tenant vacancies.

WHAT STRATEGIES CAN WE EMPLOY?

1. Streamline tenant acquisition - Traditionally, tenants are responsible for securing their own data connectivity, often causing delays in occupancy until legal agreements are finalised. By pre-installing data connectivity, tenants can move in immediately upon agreement, allowing landlords to collect rent payments sooner.
2. Reduce holding costs - Most commercial properties are subject to business rates while vacant, placing a significant financial burden on landlords. Our rates mitigation strategy can reduce these costs by over half.

HOW DO WE ACHIEVE THESE GOALS?

Fuse Media offers two distinct services that can operate independently or together:

1. Data Connectivity - We install leased line fibre connections in multi-tenant properties, allowing landlords and agents to market their buildings as "plug-and-play" with secure, symmetrical data connections and full support. Landlords can also utilise the data connection for building management systems, staff access, door control systems, and fire alarms. Additionally, landlords can offer guest Wi-Fi networks using Wi-Fi access points.
2. Rates Mitigation - Our national rates mitigation scheme can reduce holding costs for any commercial property subject to empty property rates. Using mobile data (typically 4G), we work in over 200 different local authorities throughout the UK, including shops, factories, warehouses, offices, and care homes.

HOW DO THESE OBJECTIVES ALIGN?

By integrating our two services, we can offset the cost of data connection with savings generated from our rates mitigation strategy. This synergy can even result in a net profit for landlords if enough tenants utilise our data connection.

