

Business Rates and Artists' Studios

There is a common misconception that not-for-profit groups, such as artists' studios, might be exempt from paying business rates—this is not the case.

When thinking of taking on a space it is essential to consider the implications of business rates from the outset. Temporarily used spaces are also liable for business rates. It is possible for a local authority to grant a reduction to non-profits, but this is *entirely at their discretion* and willingness to do so varies greatly between authorities.

Each local authority approaches business rates and their collection differently; *before approaching your local authority regarding any aspect of business rates, you should contact NFASP to discuss the specific situation of your studios.*

The majority of non-residential properties are liable for business rates, which are usually paid by the occupier in addition to any rent to the landlord and utility bills etc. Business rates are paid to the local authority and—alongside domestic rates (Council Tax) and other local authority revenues—they fund the services that local authorities provide to the public (e.g. domestic rubbish collection, street cleaning and lighting and the local police and fire services).

Business rates are calculated using the rateable value of a business premise, which reflects its rental value, and a multiplier set by government. The devolved governments of England, Wales, Northern Ireland and Scotland each have their own multiplier, which changes on a yearly basis. There are also slightly different rules governing business rates and business rate relief depending on which government you fall under. It is important to check the legislation as it applies in your location.

Information about *business rate liability and relief* in England and Wales can be found at the Business Link (www.businesslink.gov.uk) website here:

<http://www.businesslink.gov.uk/bdotg/action/layer?lang=en&r.l1=1073858808&r.l2=1073859221&r.s=tl&topicId=1086075605>.

For Northern Ireland the information can be found at the Department of Finance and Personnel (www.dfpni.gov.uk) website here:

http://www.dfpni.gov.uk/lps/index/property_rating/non_domestic_rating.htm.

Information about business rate liability and relief in Scotland can be found at the Business Gateway (www.bgateway.com) website here:

<http://www.bgateway.com/bdotg/action/detail?itemId=5001692936&lang=en&r.l1=1073858808&r.l2=1073859221&r.l3=5001702937&r.s=sc&site=202&type=RESOURCES>.

All non-domestic properties are required to pay business rates with a very small number of exceptions, including: places of public religious worship and church halls; most farmland and farm buildings; public parks; and buildings used exclusively for the training and welfare of the disabled. If a building becomes empty it gains a temporary three-month exemption from business rates (six-months in the case of industrial properties such as factories and warehouses) after which it becomes liable again. Empty properties of low rateable value may be also exempt.

Occupied properties with a rateable value below a certain threshold (£18,000 in England in 2010-11, rising to £25,499 for Greater London) are eligible for Small Business Rate Relief. This relief is based on the rateable value of the property and applies to *all* properties liable for business rates—you do not need to be organised as a ‘business’ to qualify. The lower the rateable value of the property, the higher the potential rate of relief.

Details of the scheme as it applies in England and Wales (note that England and Wales each apply the scheme differently) are available here:

<http://www.businesslink.gov.uk/bdotg/action/detail?itemId=1086075891&lang=en&r.i=1086075746&r.l1=1073858808&r.l2=1073859221&r.l3=1086075605&r.s=m&r.t=RESOURCES&type=RESOURCES>

Information about the scheme in Northern Ireland can be found here:

http://www.dfpni.gov.uk/lps/index/property_rating/non_domestic_rating/help_available_for_business_rates/small_business_rate_relief.htm.

In Scotland it is known as the Small Business Bonus Scheme and details are available here:

<http://www.bgateway.com/bdotg/action/detail?itemId=5001695004&lang=en&r.i=5001692936&r.l1=1073858808&r.l2=1073859221&r.l3=5001702937&r.s=m&r.t=RESOURCES&site=202&type=RESOURCES>.

Charities and amateur community sports clubs can apply for a mandatory 80% relief from their local authority, and the authority can also choose to grant them additional discretionary relief. If you are thinking of applying for charitable status, please read NFASP's Guidance on the Charities Act.

Local authorities can also give discretionary relief to not-for-profit organisations that are not registered charities, though their approach varies considerably.

You should contact NFASP to discuss your studio's specific situation and get advice on what might be the most beneficial way of approaching your local authority.