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## SUPREME COURT DECISION: NEWBIGIN (VALUATION OFFICER) - V - S J & J MONK

Rapleys welcomes the recent Supreme Court Decision on a rating case which should beneficially affect anyone considering substantial construction or redevelopment works by drastically reducing their rate bill.

The property concerned in this case was the first floor of a three storey office building known as Avalon House, St Catherine's Court, Sunderland Enterprise Park.

With effect from 6th January 2012, the first floor was stripped back to a shell with the removal of all internal elements except for the enclosure for the lift and staircase. The stripping out included the cooling system, internal and external plant, lighting and power installations, the fire alarm system, suspended ceiling, all sanitary fittings and drainage connections, timber joists and modular raised flooring, existing masonry walls and metal stud partitioning.

The Valuation Tribunal and the Court of Appeal made a judgement supporting the Valuation Officer's view that the property should still be assessed as an office. However, the Upper Tribunal (Lands Chamber) decision supported the ratepayer's view that the property should be valued at nominal Rateable Value of £1 and this was agreed to be correct by a unanimous Supreme Court Decision.

***The effect of the judgement should be that ratepayers do not need to pay Business Rates where the property is subject to significant building works.***

The Supreme Court stated that the Valuation Officer must assess objectively whether a property is undergoing reconstruction and therefore incapable of beneficial occupation, rather than simply being in a state of disrepair.

The Court mentioned that a building under redevelopment, like a building under construction, is incapable of beneficial occupation and, therefore, should only have a nominal assessment of RV£1.

The Valuation Officer's approach to this type of issue has stifled development, was grossly unfair and has restricted re-development works and investment in property redevelopment.

This significant decision should ensure developers do not have to pay Business Rates where a property is subject to extensive works, and will only help to encourage more investment in redevelopments.

The full judgment of the Court is the only authoritative document, and judgments are public documents available at:

[supremecourt.uk/decided-cases](http://supremecourt.uk/decided-cases).

**For any help with your business rates, please contact Alan Watson.**