

Mandelson 'detached from reality' over empty rates

Business secretary Lord Mandelson has caused uproar today after claiming that a tax on empty commercial property was somehow 'good news for tenants'.

Small businesses and trade bodies have slammed his comments, saying Mandelson is 'detached from reality'.

Mandelson said today: "I don't think now is the time to bring back the business rate relief on empty properties, as I believe this can benefit small businesses. Landlords are more likely to bring down rental prices if they are looking to find new tenants quickly, which is good news for tenants."

John Beswick, a village post office owner in rural Lincolnshire, said:

"Mandelson is detached from reality. If businesses fail, the last thing they need is to have a rates problem too. Where there's no demand, there's simply no demand and even reducing rents as he suggests won't change that. It's doing massive damage, particularly to post offices closed under the network change scheme. The government is closing people's post offices and leaving them with huge empty rates bills when they cannot sell or re-let the space."

Bhevin Shah, who runs Dynasty, a fashion wholesaler in Borehamwood, Hertfordshire, said:

"If the law on empty rates is not changed, not only will the economic down turn lead to the bankruptcy of our company, but it will mean the loss of 12 jobs. It is grossly unfair the banks get bailed out when in financial difficulty for making mistakes and the same banks are not willing to help us now when we need help to pull through these times. Reinstatement of rate relief would save us £35,000 a year, which can be put to better use in the growth of our company and eventually put us back on track for creating an international business."

Maxwell Allen, a Kent-based businessman who owns several shops and office units in Chatham, Kent says he's being forced to ruin with demands for £33,000 in empty rates, which will leave him penniless in retirement

He said: "I face a stark choice: sell the investment – which, in the current world climate, is worth very little; or hold on in the hope things improve, and risk a penniless retirement or bankruptcy if my savings run out."

John Wright, national chairman of the Federation of Small Businesses, said:

"There is currently no way out for those tied to a lease or who own a building they cannot let. It is unfair that, at a time when they need the most help, businesses are being hit with a tax on properties that earn no income. "

Liz Peace, chief executive of the British Property Federation, said: "It's worrying that people running the country have such fundamental misunderstandings of how business works. You can't tax something earning no money and expect that to conjure up tenants when demand is falling through the floor. No one's asking for handouts, just a reality check. We must stop this empty rates madness."

Stephen Robertson, director general at the British Retail Consortium, said:

"Changes to empty property rate relief have had serious consequences for retailers which have been compounded by the current economic climate. Occupiers, not owners, are most

often responsible for paying business rates and the burden is borne by retailers as much as by their landlords.”

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