

NOTE ON RATES, WATER AND SEWERAGE CHARGES AND COUNCIL TAX PAYABLE FOR CONGREGATIONAL PROPERTIES

Non Domestic Properties

As from 1st April 1990 when legislation passed in 1956 was amended, no nondomestic rates can be levied on Churches, Church Halls and similar premises. The actual terms of the exemption is set out in the annexation to this Note.



Prior to 1990, Churches and Church Halls qualified for exemption from rates only so long as their use was wholly or mainly for purposes connected with the religious body holding them and provided no profit was derived by that body from the use of the property for any other purpose. For this reason, when allowing third parties to use Churches and Church Halls, it was common to ask only for a voluntary donation.

The change made in 1990, however, means that Financial Boards of Congregations, in letting Churches and Church Halls on a partial or shared use basis, can charge full market rents for them without imperilling the charitable exemption from nondomestic rates. Boards are advised to take professional advice from a local chartered surveyor or at least to make full enquiries themselves as to the charges made for comparable lettings (for example, for Local Authority premises) before making such lets.

Empty Buildings - Empty Property Relief

With effect from 1 April 2016, the rules regarding unoccupied non-residential properties have been changed. Such properties now only qualify for 50% relief for the first 3 months during which they are empty and thereafter relief is reduced to 10%. There is no general exemption for Church premises. However, a church or church hall which is no longer in use will continue to be exempted from paying rates if it is either:

- A Listed Building;
- A Scheduled ancient monument or
- A building with a rateable value of less than £1,700.

Water and Sewerage (Wastewater) Charges

The former nondomestic water and sewerage rates levied by Councils have now been replaced by water and wastewater charges as billed by one of the various water providers who provide “customer facing services” for Scottish Water. In regard to nondomestic premises, the charge will be on an “unmeasured” basis (i.e. linked to Rateable Value) unless a water meter has been installed. If a water meter has been installed, unless this was after 31st March 1999, the Congregation was not entitled to benefit from exemption from charges under the exemption scheme introduced in 2002. This restriction based on the method of payment does not, however, apply in terms of the replacement scheme introduced in 2015. (See below).



If the Congregation does not qualify for exemption from such charges, there are no longer any other special reliefs or discounts and charges will be levied on the same basis as for other nondomestic premises. If paying charges on a “unmeasured basis”, Congregations should arrange to investigate whether they could save money, either by moving to a metered supply or by changing their water provider.

Exemption Scheme

Congregations are entitled to be exempted from payment of water and wastewater charges for their non-domestic premises provided the congregation’s gross annual income does not exceed the permitted level and provided the premises are not permanently licensed to sell alcohol, used to retail goods or as a café. A separate Guidance Note is available.

See: http://www.churchofscotland.org.uk/_data/assets/pdf_file/0007/27448/The_Water_and_Waste_Water_Exemption_Scheme_2015.pdf

The Scheme applies where the water and sewerage arrangements are mains supplies. Where either supply is private, other charges may be payable as they are not covered by the Scheme, e.g., a charge levied by the Local Authority to empty a septic tank.

Manses and other Dwellinghouses belonging to the Congregation



Council Tax is payable for such properties and the reliefs which previously applied under the old rating system no longer are given.

Council Tax was introduced from 1st April 1993 and included in the payment notices issued by Councils are sums payable for water and sewerage charges. In terms of the Council Tax (Liability of Owners) (Scotland) Regulations 1992, the body responsible for payment of the Council Tax in the case of a Manse is the body “liable for the remuneration of the Minister”. Within the Church of Scotland, this means that liability to meet the Council Tax rests with the Financial Board of the Congregation concerned. It should be noted that payment of the Council Tax by the Board will not give rise to any income tax liability on the Minister.

It should also be noted that in terms of the Council Tax (Exempt Dwellings) (Scotland) Order 1992, various types of houses are listed as being exempt and these include “a dwelling which (a) is not the sole or main residence of any person; and (b) is held by or on behalf of a religious body for the purpose of being available for occupation by a Minister of Religion as a residence from which to perform the duties of his office”. It is, therefore, the case that a Manse during a vacancy in a charge, will ordinarily be exempt and no Council Tax will be payable, notwithstanding the length of the vacancy. Of course, if the house is let out or a Caretaker Agreement entered into, the tenant/occupier becomes liable to pay the Council Tax.

The other discounts and reliefs available in respect of houses generally apply also to Manses. This means that where the Minister is unmarried and is the only resident of the Manse, there is a discount due of 25 per cent.

Manses are also treated as domestic premises for the purposes of payment of water and sewerage charges. These are calculated according to the Council tax banding and are collected along with the Council Tax.

Annexation 1

VALUATION AND RATING (SCOTLAND) ACT 1956 (as amended)

22(1) No nondomestic rate shall be levied on any premises to the extent that they consist of:

- (a) a building occupied by a religious body and used for the purpose of religious worship;
- (b) a Church Hall, Chapel Hall or similar premises used in connection with a building such as is referred to in Paragraph (a) above for the purposes of the religious body which occupies that building; or
- (c) any premises occupied by a religious body and used by it for carrying out administrative or other activities relating to the organisation of the conduct of religious worship in a building such as is referred to in Paragraph (a) above.

(4) In subsection (1)(c) above—

“office purposes” includes administration, clerical work and handling money; and
“clerical work” includes writing, book-keeping, sorting papers or information, filing, typing, duplicating, calculating (by whatever means), drawing and the editorial preparation of matter for publication.