

# Hurstwood Properties (A) Ltd and others (Respondents) v Rossendale Borough Council and another (Appellants)

Case ID: UKSC 2019/0071

## Case summary

### Issue

Should the respondents still be liable to pay non-domestic rates ('NDR') for periods when they leased their unoccupied properties to special purpose vehicle companies ('SPVs') on the basis that: (1) the leases were prearranged tax avoidance schemes and the relevant statute should be interpreted accordingly; or (2) the SPVs can be disregarded by a piercing of the corporate veil.

### Facts

The respondents are developers that own properties which are subject to NDR. They sought to avoid liability to NDR when the properties were unoccupied by entering into schemes whereby SPVs took short leases of the properties and became liable to pay the relevant taxes. No taxation payments were ultimately made by those SPVs as they were then either wound up or struck off from the register of companies for separate reasons.

The appellants are local councils which issued proceedings in the High Court for recovery of NDR from the developers. The councils argued that the developers were still liable to their NDR payments because the arrangements with the SPVs were shams which therefore did not have any effect in law. They also asked the court to apply a particular legal principle (the Ramsay principle) which requires that any relevant statute is interpreted with reference to the fact that a tax avoidance scheme is in place. Finally, they argued that the separate corporate identity (and therefore liability) of the SPVs could be disregarded because the corporate veil was pierced.

The developers applied to strike out the claims. The High Court struck out the parts relating to sham arrangements and the Ramsay principle but considered that there was an arguable case to be had with regards to the piercing of the corporate veil. The Court of Appeal found in favour of the developers. It determined that it was not open to the courts to pierce the SPVs' corporate veil and that the leases could not be disregarded by application of the Ramsay principle.

The councils now appeal to the Supreme Court.

### Judgment appealed

[\[2019\] EWCA Civ 364](#)

### Parties

#### Appellant(s)

Hurstwood Properties

**Respondent(s)**

Rossendale Borough Council and another

**Appeal****Justices**

Lord Reed, Lord Hodge, Lord Briggs, Lord Kitchin, Lord Leggatt

**Hearing start date**

26 Oct 2020

**Hearing finish date**

26 Oct 2020

**Watch hearing**

26 Oct 2020 [Morning session](#) [Afternoon session](#)

**Judgment details****Judgment date**

14 May 2021

**Neutral citation**

[2021] UKSC 16