

RICS CODE OF PRACTICE

Service Charges in Commercial Property

Irish edition



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This Code of Practice has been written in the light of concerns about disputes over service charges and their alleged lack of transparency. Also, in recent years expectations of services have increased, and owners and occupiers are favouring a more consensual approach rather than the adversarial positioning that was formerly the case.

In addition to setting out best practice for commercial service charges, the objectives of this new Code of Practice are to:

- remove service charges as an area of conflict
- deliver a budgetable and forecastable part of occupiers' overheads
- ensure service charges that are 'not for profit, not for loss' and that are cash neutral to the owner's income stream
- encourage transparency and communication in the relationship between landlords and tenants.

The new code recognises the lease as paramount and advises owners, occupiers and professional advisors to interpret leases as far as possible in line with the code, and to modernise leases when opportunities arise, such as during new lettings or renewals. As the trend is towards increasingly short leases, it is hoped that it will not take long for service charges to become compliant with the code's best practice guidelines.

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