



Landlord and Tenant Act 1927

1927 CHAPTER 36 17 and 18 Geo 5

PART I

COMPENSATION FOR IMPROVEMENTS AND GOODWILL ON
THE TERMINATION OF TENANCIES OF BUSINESS PREMISES

Modifications etc. (not altering text)

- C1** Pt. I excluded (1.11.1993) by 1993 c. 28, s. 61, **Sch. 14 para. 6(1)** (with ss. 94(2), 95); S.I. 1993/2134, **art. 5(a)**.
- C2** Pt. I excluded by Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951 (c. 65), s. **33(2)**, Leasehold Reform Act 1967 (c. 88), ss. 17, 18, **Sch. 2 para. 6(1)**; applied with modifications by Opencast Coal Act 1958 (c. 69), ss. 30(2)(3)(5)(7), 37, **Sch. 7 Pt. II**; amended by Opencast Coal Act 1958 (c. 69), s. 37, **Sch. 7 Pt. II para. 11**

1 Tenant's right to compensation for improvements.

- (1) Subject to the provisions of this Part of this Act, a tenant of a holding to which this Part of this Act applies shall, if a claim for the purpose is made in the prescribed manner — ^{[F1}and within the time limited by section forty-seven of the ^{M1}Landlord and Tenant Act, 1954]

be entitled, at the termination of the tenancy, on quitting his holding, to be paid by his landlord compensation in respect of any improvement (including the erection of any building) on his holding made by him or his predecessors in title, not being a trade or other fixture which the tenant is by law entitled to remove, which at the termination of the tenancy adds to the letting value of the holding:

Provided that the sum to be paid as compensation for any improvement shall not exceed—

- (a) the net addition to the value of the holding as a whole which may be determined to be the direct result of the improvement; or

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- (b) the reasonable cost of carrying out the improvement at the termination of the tenancy, subject to a deduction of an amount equal to the cost (if any) of putting the works constituting the improvement into a reasonable state of repair, except so far as such cost is covered by the liability of the tenant under any covenant or agreement as to the repair of the premises.
- (2) In determining the amount of such net addition as aforesaid, regard shall be had to the purposes for which it is intended that the premises shall be used after the termination of the tenancy, and if it is shown that it is intended to demolish or to make structural alterations in the premises or any part thereof or to use the premises for a different purpose, regard shall be had to the effect of such demolition, alteration or change of user on the additional value attributable to the improvement, and to the length of time likely to elapse between the termination of the tenancy and the demolition, alteration or change of user.
- (3) In the absence of agreement between the parties, all questions as to the right to compensation under this section, or as to the amount thereof, shall be determined by the tribunal hereinafter mentioned, and if the tribunal determines that, on account of the intention to demolish or alter or to change the user of the premises, no compensation or a reduced amount of compensation shall be paid, the tribunal may authorise a further application for compensation to be made by the tenant if effect is not given to the intention within such time as may be fixed by the tribunal.

Textual Amendments

F1 Words substituted for s. 1(1)(a)(b) by [Landlord and Tenant Act 1954 \(c. 56\), s. 47\(5\)](#)

Modifications etc. (not altering text)

C3 [S. 1](#) excluded by [Leasehold Reform Act 1967 \(c. 88\), s. 35\(6\)](#)

Marginal Citations

M1 [1954 c. 56.](#)

2 Limitation on tenant’s right to compensation in certain cases.

- (1) A tenant shall not be entitled to compensation under this Part of this Act—
- (a) in respect of any improvement made before the commencement of this Act; or
 - (b) in respect of any improvement made in pursuance of a statutory obligation, or of any improvement which the tenant or his predecessors in title were under an obligation to make in pursuance of a contract entered into, whether before or after the passing of this Act, for valuable consideration, including a building lease; or
 - (c) in respect of any improvement made less than three years before the termination of the tenancy; or
 - (d) if within two months after the making of the claim under section one, subsection (1), of this Act the landlord serves on the tenant notice that he is willing and able to grant to the tenant, or obtain the grant to him of, a renewal of the tenancy at such rent and for such term as, failing agreement, the tribunal may consider reasonable; and, where such a notice is so served and the tenant does not within one month from the service of the notice send to the landlord an acceptance in writing of the offer, the tenant shall be deemed to have declined the offer.

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- (2) Where an offer of the renewal of a tenancy by the landlord under this section is accepted by the tenant, the rent fixed by the tribunal shall be the rent which in the opinion of the tribunal a willing lessee other than the tenant would agree to give and a willing lessor would agree to accept for the premises, having regard to the terms of the lease, but irrespective of the value attributable to the improvement in respect of which compensation would have been payable.
- (3) The tribunal in determining the compensation for an improvement shall in reduction of the tenant's claim take into consideration any benefits which the tenant or his predecessors in title may have received from the landlord or his predecessors in title in consideration expressly or impliedly of the improvement.

Modifications etc. (not altering text)

- C4** S. 2(1)(b) restricted by [Landlord and Tenant Act 1954 \(c. 56\), s. 48\(1\)](#)
- C5** S. 2(1)(c) excluded by [Landlord and Tenant Act 1954 \(c. 56\), s. 48\(2\)](#)
- C6** S. 2(1)(d) excluded by [Landlord and Tenant Act 1954 \(c. 56\), s. 48\(3\)](#)

3 Landlord's right to object.

- (1) Where a tenant of a holding to which this Part of this Act applies proposes to make an improvement on his holding, he shall serve on his landlord notice of his intention to make such improvement, together with a specification and plan showing the proposed improvement and the part of the existing premises affected thereby, and if the landlord, within three months after the service of the notice, serves on the tenant notice of objection, the tenant may, in the prescribed manner, apply to the tribunal, and the tribunal may, after ascertaining that notice of such intention has been served upon any superior landlords interested and after giving such persons an opportunity of being heard, if satisfied that the improvement—
- (a) is of such a nature as to be calculated to add to the letting value of the holding at the termination of the tenancy; and
 - (b) is reasonable and suitable to the character thereof; and
 - (c) will not diminish the value of any other property belonging to the same landlord, or to any superior landlord from whom the immediate landlord of the tenant directly or indirectly holds;

and after making such modifications (if any) in the specification or plan as the tribunal thinks fit, or imposing such other conditions as the tribunal may think reasonable, certify in the prescribed manner that the improvement is a proper improvement:

Provided that, if the landlord proves that he has offered to execute the improvement himself in consideration of a reasonable increase of rent, or of such increase of rent as the tribunal may determine, the tribunal shall not give a certificate under this section unless it is subsequently shown to the satisfaction of the tribunal that the landlord has failed to carry out his undertaking.

- (2) In considering whether the improvement is reasonable and suitable to the character of the holding, the tribunal shall have regard to any evidence brought before it by the landlord or any superior landlord (but not any other person) that the improvement is calculated to injure the amenity or convenience of the neighbourhood.

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- (3) The tenant shall, at the request of any superior landlord or at the request of the tribunal, supply such copies of the plans and specifications of the proposed improvement as may be required.
- (4) Where no such notice of objection as aforesaid to a proposed improvement has been served within the time allowed by this section, or where the tribunal has certified an improvement to be a proper improvement, it shall be lawful for the tenant as against the immediate and any superior landlord to execute the improvement according to the plan and specification served on the landlord, or according to such plan and specification as modified by the tribunal or by agreement between the tenant and the landlord or landlords affected, anything in any lease of the premises to the contrary notwithstanding:

Provided that nothing in this subsection shall authorise a tenant to execute an improvement in contravention of any restriction created or imposed—

- (a) for naval, military or air force purposes;
 - (b) for civil aviation purposes under the powers of the ^{M2}Air Navigation Act, 1920;
 - (c) for securing any rights of the public over the foreshore or bed of the sea.
- (5) A tenant shall not be entitled to claim compensation under this Part of this Act in respect of any improvement unless he has, or his predecessors in title have, served notice of the proposal to make the improvement under this section, and (in case the landlord has served notice of objection thereto) the improvement has been certified by the tribunal to be a proper improvement and the tenant has complied with the conditions, if any, imposed by the tribunal, nor unless the improvement is completed within such time after the service on the landlord of the notice of the proposed improvement as may be agreed between the tenant and the landlord or may be fixed by the tribunal, and where proceedings have been taken before the tribunal, the tribunal may defer making any order as to costs until the expiration of the time so fixed for the completion of the improvement.
- (6) Where a tenant has executed an improvement of which he has served notice in accordance with this section and with respect to which either no notice of objection has been served by the landlord or a certificate that it is a proper improvement has been obtained from the tribunal, the tenant may require the landlord to furnish to him a certificate that the improvement has been duly executed; and if the landlord refuses or fails within one month after the service of the requisition to do so, the tenant may apply to the tribunal who, if satisfied that the improvement has been duly executed, shall give a certificate to that effect.

Where the landlord furnishes such a certificate, the tenant shall be liable to pay any reasonable expenses incurred for the purpose by the landlord, and if any question arises as to the reasonableness of such expenses, it shall be determined by the tribunal.

Modifications etc. (not altering text)

C7 S. 3 restricted by [Landlord and Tenant Act 1954 \(c. 56\), s. 48\(1\)](#)

Marginal Citations

M2 1920 c. 80.

Changes to legislation: There are currently no known outstanding effects for the Landlord and Tenant Act 1927, Part I. (See end of Document for details)

4,5. F2

Textual Amendments

F2 Ss. 4, 5 repealed by Landlord and Tenant Act 1954 (c. 56), s. 45, Sch. 7 Pt. I, Sch. 9 paras. 8, 9

6,7. F3

Textual Amendments

F3 Ss. 6, 7, 15(3) repealed by Landlord and Tenant Act 1954 (c. 56), s. 45, Sch. 7 Pt. I

8 Rights of mesne landlords.

(1) Where, in the case of any holding, there are several persons standing in the relation to each other of lessor and lessee, the following provisions shall apply:—

Any mesne landlord who has paid or is liable to pay compensation under this Part of this Act, shall, at the end of his term, be entitled to compensation from his immediate landlord in like manner and on the same conditions as if he had himself made the improvement^{F4} in question, except that it shall be sufficient if the claim for compensation is made at least two months before the expiration of his term:

A mesne landlord shall not be entitled to make a claim under this section unless he has, within the time and in the manner prescribed, served on his immediate superior landlord copies of all documents relating to proposed improvements and claims which have been sent to him in pursuance of this Part of this Act:

Where such copies are so served, the said superior landlord shall have, in addition to the mesne landlord, the powers conferred by or in pursuance of this Part of this Act in like manner as if he were the immediate landlord of the occupying tenant, and shall, in the manner and to the extent prescribed, be at liberty to appear before the tribunal and shall be bound by the proceedings:

...^{F5}

(2) In this section, references to a landlord shall include references to his predecessors in title.

Textual Amendments

F4 Words repealed by Landlord and Tenant Act 1954 (c. 56), s. 45, Sch. 7 Pt. I

F5 Words repealed by Landlord and Tenant Act 1954 (c. 56), Sch. 7 Pt. II

9 Restriction on contracting out.

This Part of this Act shall apply notwithstanding any contract to the contrary, being a contract made at any time after the eighth day of February, nineteen hundred and twenty-seven: . . .^{F6}

Changes to legislation: There are currently no known outstanding effects for the Landlord and Tenant Act 1927, Part I. (See end of Document for details)

Textual Amendments

F6 S. 9 proviso repealed with saving by [Landlord and Tenant Act 1954 \(c. 56\), s. 49](#)

10 Right of entry.

The landlord of a holding to which this Part of this Act applies, or any person authorised by him may at all reasonable times enter on the holding or any part of it, for the purpose of executing any improvement he has undertaken to execute and of making any inspection of the premises which may reasonably be required for the purposes of this Part of this Act.

Modifications etc. (not altering text)

C8 S. 10 saved by [Opencast Coal Act 1958 \(c. 69\), s. 37, Sch. 7 para. 11\(2\)](#)

11 Right to make deductions.

- (1) Out of any money payable to a tenant by way of compensation under this Part of this Act, the landlord shall be entitled to deduct any sum due to him from the tenant under or in respect of the tenancy.
- (2) Out of any money due to the landlord from the tenant under or in respect of the tenancy, the tenant shall be entitled to deduct any sum payable to him by the landlord by way of compensation under this Part of this Act.

12 Application of 13 & 14 Geo. 5. c. 9. s. 20.

Section twenty of the ^{M3}Agricultural Holdings Act, 1923 (which relates to charges in respect of money paid for compensation), as set out and modified in the First Schedule to this Act, shall apply to the case of money paid for compensation under this Part of this Act, including any proper costs, charges, or expenses incurred by a landlord in opposing any proposal by a tenant to execute an improvement, or in contesting a claim for compensation, and to money expended by a landlord in executing an improvement the notice of a proposal to execute which has been served on him by a tenant under this Part of this Act.

Marginal Citations

M3 1923 c. 9.

13 Power to apply and raise capital money.

- (1) Capital money arising under the ^{M4}Settled Land Act, 1925 ^{F7}. . . , or under the ^{M5}University and College Estates Act, 1925, may be applied—
 - (a) in payment as for an improvement authorised by the Act of any money expended and costs incurred by a landlord under or in pursuance of this Part of this Act in or about the execution of any improvement;

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- (b) in payment of any sum due to a tenant under this Part of this Act in respect of compensation for an improvement^{F8} and any costs, charges, and expenses incidental thereto;
- (c) in payment of the costs, charges, and expenses of opposing any proposal by a tenant to execute an improvement.
- (2) The satisfaction of a claim for such compensation as aforesaid shall be included amongst the purposes for which a tenant for life, statutory owner^{F9} . . . may raise money under section seventy-one of the^{M6} Settled Land Act, 1925.
- (3) Where the landlord liable to pay compensation for an improvement^{F8} is a tenant for life or in a fiduciary position, he may require the sum payable as compensation and any costs, charges, and expenses incidental thereto, to be paid out of any capital money held on the same trusts as the settled land.

In this subsection “capital money” includes any personal estate held on the same trusts as the land^{F10} . . .

Textual Amendments

- F7** Words in s. 13(1) repealed (1.1.1997) by 1996 c. 47, s. 25(2), **Sch. 4** (with ss. 24(2), 25(4), 25(5)); S.I. 1996/2974, **art. 2**
- F8** Words repealed by Landlord and Tenant Act 1954 (c. 56), s. 45, **Sch. 7 Pt. I**
- F9** Words in s. 13(2) repealed (1.1.1997) by 1996 c. 47, s. 25(2), **Sch. 4** (with ss. 24(2), 25(4), 25(5)); S.I. 1996/2974, **art. 2**
- F10** Words in s. 13(3) repealed (1.1.1997) by 1996 c. 47, s. 25(2), **Sch. 4** (with ss. 24(2), 25(4), 25(5)); S.I. 1996/2974, **art. 2**

Marginal Citations

- M4** 1925 c. 18.
- M5** 1925 c. 24.
- M6** 1925 c. 18.

14 Power to sell or grant leases notwithstanding restrictions.

Where the powers of a landlord to sell or grant leases are subject to any statutory or other restrictions, he shall, notwithstanding any such restrictions or any rule of law to the contrary, be entitled to offer to sell or grant any such reversion or lease as would under this Part of this Act relieve him from liability to pay compensation thereunder, and to convey and grant the same, and to execute any lease which he may be ordered to grant under this Part of this Act.

15 Provisions as to reversionary leases.

- (1) Where the amount which a landlord is liable to pay as compensation for an improvement under this Part of this Act has been determined by agreement or by an award of the tribunal, and the landlord had before the passing of this Act granted or agreed to grant a reversionary lease commencing on or after the termination of the then existing tenancy, the rent payable under the reversionary lease shall, if the tribunal so directs, be increased by such amount as, failing agreement, may be determined by the tribunal having regard to the addition to the letting value of the holding attributable to the improvement:

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Provided that no such increase shall be permissible unless the landlord has served or caused to be served on the reversionary lessee copies of all documents relating to the improvement when proposed which were sent to the landlord in pursuance of this Part of this Act.

- (2) The reversionary lessee shall have the same right of objection to the proposed improvement and of appearing and being heard at any proceedings before the tribunal relative to the proposed improvement as if he were a superior landlord, and if the amount of compensation for the improvement is determined by the tribunal, any question as to the increase of rent under the reversionary lease shall, where practicable, be settled in the course of the same proceedings.

- (3) . . . ^{F11}

Textual Amendments

F11 Ss. 6, 7, 15(3) repealed by [Landlord and Tenant Act 1954 \(c. 56\)](#), s. 45, [Sch. 7 Pt. I](#)

16 Landlord's right to reimbursement of increased taxes, rates or insurance premiums.

Where the landlord is liable to pay any . . . ^{F12} rates (including water rate) in respect of any premises comprised in a holding, or has undertaken to pay the premiums on any fire insurance policy on any such premises, and in consequence of any improvement executed by the tenant on the premises under this Act the assessment of the premises or the rate of premium on the policy is increased, the tenant shall be liable to pay to the landlord sums equal to the amount by which—

- (a) the . . . ^{F12} rates payable by the landlord are increased by reason of the increase of such assessment;
- (b) the fire premium payable by the landlord is increased by reason of the increase in the rate of premium;

and the sums so payable by the tenant shall be deemed to be in the nature of rent and shall be recoverable as such from the tenant, . . . ^{F13}

Textual Amendments

F12 Words repealed by [Finance Act 1963 \(c. 25\)](#), [Sch. 13 Pt. IV](#)

F13 Words repealed by virtue of [Housing Act 1980 \(c. 51, SIF 61\)](#), s. 152, [Sch. 26](#)

17 Holdings to which Part I. applies.

- (1) The holdings to which this Part of this Act applies are any premises held under a lease, other than a mining lease, made whether before or after the commencement of this Act, and used wholly or partly for carrying on thereat any trade or business, and [^{F14}not being—
- (a) agricultural holdings within the meaning of the Agricultural Holdings Act 1986 held under leases in relation to which that Act applies, or
 - (b) holdings held under farm business tenancies within the meaning of the Agricultural Tenancies Act 1995.]

Changes to legislation: There are currently no known outstanding effects for the Landlord and Tenant Act 1927, Part I. (See end of Document for details)

- (2) This Part of this Act shall not apply to any holding let to a tenant as the holder of any office, appointment or employment, from the landlord, and continuing so long as the tenant holds such office, appointment or employment, but in the case of a tenancy created after the commencement of this Act, only if the contract is in writing and expresses the purpose for which the tenancy is created.
- (3) For the purposes of this section, premises shall not be deemed to be premises used for carrying on thereat a trade or business—
- (a) by reason of their being used for the purpose of carrying on thereat any profession;
 - (b) by reason that the tenant thereof carries on the business of subletting the premises as residential flats, whether or not the provision of meals or any other service for the occupants of the flats is undertaken by the tenant:

Provided that, so far as this Part of this Act relates to improvements, premises regularly used for carrying on a profession shall be deemed to be premises used for carrying on a trade or business.

- (4) In the case of premises used partly for purposes of a trade or business and partly for other purposes, this Part of this Act shall apply to improvements only if and so far as they are improvements in relation to the trade or business.

Textual Amendments

F14 S. 17(1)(a)(b) and the preceding words substituted for words in s. 17(1) (1.9.1995) by 1995 c. 8, ss. 40, 41(2), **Sch. para. 5** (with s. 37)

Changes to legislation:

There are currently no known outstanding effects for the Landlord and Tenant Act 1927, Part I.