22nd February 2017

House of Commons
London
SW1A 0AA

Dear Members of Parliament

BUSINESS RATE REFORM

We are a collection of business organisations representing thousands of businesses of all sizes and employing millions of people across the UK. We believe that the future of the business rates system will be a key factor in shaping investment and growth in the UK economy for decades to come, meaning that how the Government addresses the detrimental impact of the existing rates system is a key question for us all.

We recognise that the 2017 business rates revaluation will result in increased bills for some and decreased bills for others, and the positive action the Government has taken with the £6.7 billion package of support that has provided welcome relief for the smallest businesses. The burden has grown from a third of rateable value in 1990 compared to almost half today and so irrespective of the outcome of the revaluation the overall burden needs to come down for businesses large and small. There is widespread consensus in the business community that the system is unfair, outdated, and deters investment.

We do not believe that the package of reforms delivered by the Government acted on a ‘radical’ and ‘comprehensive’ review of the business rates system. There are still fundamental issues that have not yet been addressed by the Government which should be re-explored in a revised business tax roadmap;

- **The burden of business rates is too high and at a tipping point**

While we have one of the most competitive corporation tax rates in Europe we have the highest property taxes. In the long-term Government should revisit business rates with an aim to reduce the burden for businesses, and in the meantime move forward by linking the multiplier to CPI indexation before 2020 and ease the increases faced by businesses of all sizes through transitional relief. The high burden not only hampers domestic business investment, it is a barrier to new inward investment in the UK in the post Brexit Britain. Recent research conducted on international investment in UK retail, following interviews with 130 global retailers at the C-suite level, highlighted business rates as the major barrier to inward investment.

- **The proposed appeals system will deter businesses from appealing their rates**

One of the most pressing issues is the proposed appeal system “Check, Challenge, Appeal”. We understand the principles of “Check, Challenge, Appeal” and agree there is a real need to avoid speculative claims that clog up the system. However, proposals that would see certain appeals dismissed if they are considered outside the bounds of “reasonable professional judgement” must be revised immediately as they threaten to undermine trust in our system and could jeopardise the future of businesses with incorrect bills. Businesses should receive accurate rating assessments and receive a fair hearing where this has not reached their expectations.

- **There is a need to increase the frequency of revaluations to deliver more accurate rates bills**

Five yearly revaluations store up problems and lead to spikes in businesses rates costs. Moving to more frequent revaluations as the Government has committed to will deliver more accurate billing and certainty for businesses. We are willing partners to help ensure we avoid having another five or seven
years pass before the next revaluation. One solution to simplify the revaluation system would be to completely remove the smallest businesses from the rating system.

- **The rates system penalises businesses that invest and improve their properties**

The rates system is acting as a brake on investment and needs to be reformed so businesses are incentivised to invest. If a business takes a risk by making property investments to improve their offer to consumers or increase productivity their business rates bills increase. The Government needs to revisit the definition of plant and machinery and explore incentivising new business investments.

The future of business rates is a key priority for us and we want to work with the Government to deliver meaningful reform. We want to see action from the Chancellor in the Budget to ease the burden on businesses that will see an increase in their rates bills but also a longer-term commitment from the Government to review property taxation in the UK. We would urge you to engage with businesses in your constituency and to help them by writing to the Chancellor to reinforce the issues set out in this letter.

On behalf of

James Lowman, Chief Executive
**Association of Convenience Stores**

Kate Nicholls, Chief Executive
**Association of Licensed Multiple Retailers**

Brigid Simmonds OBE, Chief Executive
**British Beer and Pub Association**

Mike Spicer, Director of Research and Economics
**British Chambers of Commerce**

Ufi Ibrahim, CEO
**British Hospitality Association**

Melanie Leech CBE, Chief Executive
**British Property Federation**

Helen Dickinson OBE, Chief Executive
**British Retail Consortium**

Josh Hardie, Deputy Director General
**Confederation of British Industry**

Ross Murray, President
**Country Land and Business Association**

Martin McTague, National Policy Director
**Federation of Small Businesses**

Edward Cooke, Chief Executive
**Revo**