

BUSINESS RATES: OUTDATED, UNFAIR AND NEEDING REFORM

LONG TERM OBJECTIVE: Reduce rates through review of all of business taxes to redistribute taxes more evenly across the economy

SHORT TERM ASKS

- Abolish downwards transitional relief
- Freeze the rates multiplier (the effective tax rate)
- Incentivise investment via relief from increases after property improvements
- Fully resource the Valuation Office Agency

INDUSTRY OFFER

- Support and implementation of NLW
- Shift *from* productivity improvements and job losses *to* productivity improvements and tech investment

KEY MESSAGES

Unsustainable: Business rates have continued to rise in recent years and because of the way the system works many retailers are paying more in rates than they do in rent

Inequitable: 'Downwards transition', which staggers the speed at which revalued rates bills fall, means many are not paying true rates values, with some rates still linked to 2008 values, a market peak

Detrimental: High rates cause more store closures, fewer store openings, more job losses and less investment in people and it's the most vulnerable, deprived communities that face the most serious challenges

Complex and expensive: Little transparency in assessments has led to backlogs and some reliefs remain unclaimed

Disincentivising: Reliefs targeted at small business, though welcome, are of limited value to growing, investing or larger retailers due to state aid cap (€200,000 over three-years) preventing them fully benefitting

FACTS AND STATS

- Business rates multiplier risen from 34p in the pound in 1990 to over 50p today
- Business rates equate to nearly half of all retail's £17.4bn net tax contribution to the treasury
- 16,000 unresolved appeals from 2010 and almost 18,000 from 2017
- Retailers pay £2.30 in rates for every £1 in corporation tax
- Retail accounts for 5% of the economy, yet pays 10% of all business taxes, and 25% of business rates
- 10% of retail ratepayers account for 70% of the retail rates bill
- Property based taxes are 4% of all taxes in the UK (the second highest in the OECD) compared to 1% in France and Germany

ONLINE TAXES

All ideas to reform business rates are welcome as they arise from recognition of a broken system. While others may have different views, we believe online sales taxes would simply constitute an additional tax on consumers, enhance the system's inequity and create double jeopardy for the increasing number of retailers who operate multichannel offerings