



TREASURY COMMITTEE SLAM BUSINESS RATES SYSTEM

Business rates are often a political football especially at election time with the main leading parties issuing various promises on how they will address the perceived problems with “*the broken business rates system*”.

To highlight the problems that businesses face and in turn the government face in addressing those problems the Treasury Committee recently published a report on the impact of business rates on businesses.

From the government’s perspective business rates generate £31billion of income for the UK government in 2018/19 so it is not an income stream that can be easily replaced. The prospects therefore for the eradication of business rates without a closely related replacement seem unlikely. There are options available and these were considered by the Committee such as:-

- A Land Value Tax.
- Online Sales Levy.
- Profits Tax.
- Consolidated Tax.
- Hybrid Tax.

Alastair Fearn, a Director within FHP’s Business Rates Team commented:-

“It seems to me that one of the biggest issues with business rates is how it places a great cost on physical businesses such as those on the High Street rather than those that rely upon an online presence. The business rates cost for an online retailer are simply their warehousing premises whereas the retailer who has a High Street presence will have the business rates on their retail shop as well as their warehouse. This therefore creates an imbalance and many High Street retailers are calling for change”.

The Committee also criticised the complex myriad of reliefs that are available from Councils and illustrated that the need for these reliefs as being an indicator that the current system does not really work.

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In addition there was heavy criticism for the new business rates appeal system known as Check Challenge Appeal (CCA) which was introduced in 2017. It is understood that one of the main drivers of this new appeal system was to reduce the number of speculative appeals. However, this system has encountered numerous problems and the Committee deemed it unacceptable to bring in a system that creates so many difficulties for taxpayers.

Alastair Fearn added:-

“From my own personal experience we have found this CCA system extremely cumbersome to use, our clients have found it difficult to register and the lack of communication that the CCA system affords is not conducive to resolving appeals. As a matter of course the Valuation Office now no longer provide you with a named contact of who is dealing with your appeal and instead correspondence is directed to a generic email address which limits any discussion (if at all) to email only. It appears to be only at the Valuation Officer’s discretion whether they give you their name and contact details.

Whilst I can appreciate on one hand that the new CCA system was well intentioned to cut out the number of speculative appeals but it seems to me, that this system goes too far and actually makes it obstructive for ratepayers with genuine grievances to mount a justified challenge.”

The report also emphasises the need that if the Valuation Office are to reduce the gap between re-valuations from 5 years to 3 years that the VOA must be properly staffed to deliver this role. This means having enough staff to cope with the appeal work and also more regular re-valuations at the same time.

FHP’s specialist Business Rates Team deal with appeals across the country as well as helping ratepayers ensure that they are receiving the right reliefs they are entitled to and reducing Empty Property Rate Liabilities.

For further information on how FHP’s Business Rates Team may be able to help you please contact Alastair Fearn–alastair@fhp.co.uk or 07917 460025.

END

Alastair Fearn

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