IPTI Xtracts

Property Tax and Assessment News from Around the World

UNITED KINGDOM– July 2020

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Government launches €7.4 billion Jobs Stimulus to help businesses re-open, get people back to work and promote confidence

The Government has announced the July Jobs Stimulus, a €7.4bn package of measures designed to stimulate a jobs-led recovery and build economic confidence while continuing to manage the impact of Covid-19.
Launching the Jobs Stimulus, the Taoiseach, Micheál Martin TD said:
"The stimulus package announced today will protect existing jobs while creating new and sustainable employment options in the months and years ahead. These measures will support small and medium businesses, give young people greater opportunities in training and education, support workers who have lost their jobs because of the pandemic and rejuvenate communities worst affected by the economic impact of the virus. This is a comprehensive plan which will boost the economy and bring confidence back to towns and villages across Ireland.
The July Jobs Stimulus will provide a boost to the economy, building confidence and moving us towards a more sustainable future across all of our regions. This is the next stage of the national recovery and will immediately build on the billions in supports already provided during the crisis."
Tánaiste and Minister for Enterprise, Trade and Employment Leo Varadkar TD said:
"This has been a time of enormous stress and strain for employers and their staff. We've already pumped billions of euro into the economy through wage subsidies, the PUP, cash for businesses, low cost loans and commercial rates waivers. We know these actions have made a difference. We've made enormous progress on suppressing the virus, and significant progress too on restarting our economy. More than 280,000 people have already got back to work. Repairing the damage wrought on the economy – and keeping the virus contained – is vital for the wellbeing of our people. Today's stimulus package is the next step in our national recovery story. It is designed to help businesses which haven't reopened yet and those struggling to do so. We have listened to businesses and responded with a package of scale and speed to meet their most immediate needs. Our main objective is to save jobs and create new ones."
Covid-19 has had an enormous impact on communities, businesses, families and individuals across the country. The priority of the Government remains the wellbeing of our people and communities. We are now increasing our focus on business and on getting as many people as possible back to work.
Minister for Climate Action, Communications Networks and Transport, Eamon Ryan TD said:
"This July Jobs initiative is a substantial first step on our road to a sustainable recovery. It invests in our people and our infrastructure in a way that will provide jobs and support our climate and environment goals. We can and will get through this, and we can build back greener and better, for the sake of our children, our communities and our planet."
The measures being launched today are designed to do 4 things:

1 Backing Ireland's businesses

- A new Employment Wage Support Scheme will succeed the Temporary Wage Subsidy Scheme, and run until April 2021.
- 0% interest for first year of SME loans
- Restart Grant for Enterprises is being extended and expanded.
- The waiver of commercial rates extended until end-September 2020
- A €2 billion Covid-19 Credit Guarantee Scheme,
- other business finance measures, including supports for start-ups

2 Helping people especially young people, get back to work

- Extension of the Pandemic Unemployment Payment (PUP) to 1st April 2021
- €200 million investment in training, skills development, work placement schemes, recruitment subsidies, and job search and assistance measures
- 35,000 extra places will be provided in further and higher education.
- Further supports for apprenticeships

3 Building confidence and investing in communities

- Financial Certainty through the Enterprise Wage Support Scheme, the Pandemic Unemployment Scheme, Rates waivers etc.
- €500 million investment in communities
- Investment in schools, walking, cycling, public transport, home retrofitting, and town & village renewal
- Tax measures including a temporary reduction in the standard rate of VAT
- Stay and Spend initiative
- Targeted measures for most vulnerable sectors

4 Preparing Ireland for the economy of the future

- €25 million Investment in Life Sciences
- Training and Skills Development
- €10 million to be provided under a New Green Enterprise Fund
- Increase in Seed and Venture Capital for innovation driving enterprises
- Additional supports for IDA promotional and marketing initiatives targeting jobs
- Additional supports to businesses to develop their online presence.
- €20 million Brexit fund to help SMEs to prepare for new customs arrangements
- Expansion of Sustaining Enterprise Fund scheme

The July Jobs Stimulus is the next step in the Governments response to the Covid-19 pandemic. Later this year the Government will set out a National Economic Plan, to chart a long term, jobs-led recovery. It will set out how we secure our public finances in a world where we must live with Covid-19, while driving efforts to decarbonise our economy and prepare for the next phase of technological transformation.

Chancellor Rishi Sunak mulls TAX on online sales to raise £2BILLION for Government coffers and help 'save the High Street'

- One online tax would see the Treasury impose a two per cent levy on online sales
- Another would see businesses charged for every delivery that they complete
- Steps would raise billions for the government and help High Streets compete

Rishi Sunak is weighing up a new online sales tax to raise £2 billion a year for the Treasury and to stop the high street from collapsing amid the coronavirus pandemic.

With the High Street decimated amid the coronavirus lockdown and huge numbers of job cuts and store closures, the chancellor is looking at proposals to level the playing field.

He is examining introducing an online sales tax to provide a 'sustainable and meaningful revenue source for the government', while allowing physical stores to compete.

The two forms of tax being looked at include a two per cent levy on goods sold online, which could raise £2 billion a year for the government, and a charge on deliveries to cut congestion and carbon emissions.

The Treasury said last week that the pandemic 'has had a significant impact on how business is done', requiring the government to ensure 'the tax system raises sufficient revenue'.

It highlighted concerns that business rates were penalising high street stores as online rivals did not need to pay them.

The abolition of business rates altogether is being considered.

They would be replaced with a 'capital values tax' which would be based on the value of land and the buildings on it.

The tax would then be paid by the owner of the land rather than the business leasing it.

However, there are fears that the online tax proposals could lead to consumers having to pay more, according to the Times.

The Treasury said: 'The pandemic has had a significant impact on how business is done, particularly for firms which rely on customers visiting them.

'The full impact of this will become clear over time. As the economy moves towards recovery the government will continue to support businesses as far as possible, but it must also ensure that the tax system raises sufficient revenue to fund the services that have been essential parts of the pandemic response.'

The business rates system is currently based on shop rental values, which are calculated every five years.

They are paid by tenants, the businesses leasing the property, rather than landowners.

However the system has come under fire as companies that need a presence in town centres pay higher rates than their online and out-of-town rivals.

During lockdown, the chancellor introduced a £10 billion business rates holiday for the retail hospitality and leisure sectors for one year.

Although this helped businesses, the Treasury reported that it lead to a 40 per cent drop in revenue from business rates.

However, despite the appetite for reform, there is a fear that an online sales tax 'would simply increase the costs for consumers of regularly purchased items'.

Rishi Sunak considers online sales tax in bid to save high street

Rishi Sunak is considering a new tax on goods sold online amid mounting concern about the collapse of the high street as Britain emerges from the coronavirus crisis.

The chancellor is examining proposals for an online sales tax to provide a “sustainable and meaningful revenue source for the government” and help bricks-and-mortar retailers to compete.

In a call for evidence published last week, the Treasury highlighted concerns that business rates were effectively penalising the high street because online rivals did not need to rent “high-value” properties.

It said that the coronavirus crisis “has had a significant impact on how business is done” and that the government must act to make sure that “the tax system raises sufficient revenue”.

The Treasury is also considering radical plans to abolish business rates and replace them with a “capital values tax” based on the value of land and the buildings on it. The tax would be paid by the owner of the property rather than the business leasing it. The government is understood to be considering two forms of online sales tax. The first would be a levy of around 2 per cent on goods sold online, which would raise about £2 billion a year.

The second would be a mandatory charge on consumer deliveries, which would form part of a campaign to cut congestion and toxic emissions. There are concerns, however, that both approaches could lead to higher costs for consumers.

The Treasury said: “The pandemic has had a significant impact on how business is done, particularly for firms which rely on customers visiting them. The full impact of this will become clear over time. As the economy moves towards recovery the government will continue to support businesses as far as possible, but it must also ensure that the tax system raises sufficient revenue to fund the services that have been essential parts of the pandemic response, as well as public services more broadly.”

During the crisis Mr Sunak introduced a one-year £10 billion business rates holiday for the retail, hospitality and leisure sectors. The Treasury said this had led to a 40 per cent drop in revenue from business rates.

In its proposal for an online sales tax, the Treasury highlighted concerns that the business rates system “imposes an unreasonable burden on retail”.

However, the call for evidence also noted that some retailers had warned that an online sales tax “would simply increase the costs for consumers of regularly purchased items”.

The business rates system is based on shop rental values, calculated every five years and paid by tenants, rather than landowners.

It is viewed as outdated because companies that need a presence in town centres pay higher rates than online and out-of-town rivals.

Retail sales rose by 13.9 per cent last month after shops reopened, fuelled by a drive towards online shopping. This has risen by a record level and now accounts for £3 in every £10 spent.

Frasers Group “looks on with anguish and bewilderment” at business rates valuation delay

Looking on with “anguish and bewilderment,” Mike Ashley’s Frasers Group has commented on the business rates valuation delay, with the next valuation to now take place in 2023.

The company has warned that the announcement will force a review of the viability of a number of stores within its portfolio.

In a statement to London Stock Exchange the firm said: “Frasers Group has long petitioned the Government to change the business rates environment. At a time where much of the UK high street is fighting for its survival, Frasers Group looks on with anguish and bewilderment at yesterday’s announcement by the Government to delay the next business rates valuation until 2023.

“With the High Street already in meltdown, COVID-19, the lockdown, and its after-effects are now pulverising what remains. Yet the Government stands aside and has buried its head in the sand on the critical business rates issue, raising unfair and uneconomic revenue sums from already distressed businesses.

“Not only has it has kicked the can down the road; it has also kicked businesses when they are clearly down. We expect that the Government’s inaction will drive further stores and businesses on our high streets into closure, in the process costing many people their jobs and livelihoods.

“Occupiers of the High Street, including Frasers Group fascias, are still paying business rates based upon values from 2015, and the Government has now decided that occupiers should continue to do so for an extra 2 years.

“These outdated 2015 values bear no correspondence to present day values or trading conditions and the Government is perfectly well aware of this. Yet the Government will now have businesses wait a total of 8 years before taking the necessary steps to align business rates with reality; even then, with the anticipated transitional arrangements we may never get there.

“As we noted in both our half year results announced on 16 December 2019 and in subsequent correspondence to the Prime Minister, there are House of Fraser stores paying no rent but still losing money and that a business rates correction could dramatically change the situation in terms of saving stores. However with yesterday’s announcement, Frasers Group will again have to carefully review the viability of a number of stores within its portfolio.

“How many more businesses on the High Street have to disappear and jobs be lost before the Government takes this issue seriously? How does the Government reconcile its maintenance of a punitive and outdated business rates regime, with its predictable and devastating effect on the viability of bricks and mortar businesses, with its recent policy/stimulus decisions seeking to have customers return to our high streets?”

Is it time to rethink the tax system?

As government spending soars, there are inevitable questions about how much that will push up tax, but also about what gets taxed, and how? That debate is picking up pace

- There's constant tinkering with the UK tax system, making it complex, and with some sources of revenue reducing. Is it time to re-think the tax base, and go after wealth?
- Scotland has tax powers, but there's often more discussion of what it cannot do than the elements it could reform, starting with council tax

Tax: it's the only certainty other than death, according to Benjamin Franklin. But is it inevitable the tax system stays, at least roughly, the way it is?

It's always in flux - a machine that nobody would have designed from scratch, and which requires endless tinkering to keep it operational.

But it's now more challenged than ever. More tax revenue will be needed to fund the borrowing and enhanced public services we seem to want after the Covid-19 crisis, particularly for health and social care. Reform is long overdue, and this could be an opportune moment for a big reboot.

This week, the Treasury began consulting on more digital collection and reviewing English business rates.

The Commons finance committee has just launched a wide-ranging review of the tax system. The Institute of Fiscal Studies, and in Scotland, the David Hume Institute, have begun detailed discussions of wealth tax.

Tax breaks

The Public Accounts Committee (PAC), Westminster's spending watchdog, last week set out big, difficult questions about tax breaks.

"They're not freebies," said Meg Hillier, the PAC chair. "They cost the public purse hundreds of billions of pounds in lost income."

That includes £38 billion of giveaways to pension savers. Does it change behaviour and draw in more savings, or merely add to funds that people would be saving anyway? If the latter, it's badly targeted.

A further £15 billion is given away on VAT, charged at 5% on household fuel and zero on food, children's clothes, books and newspapers. At the IFS, they say that would be better targeted at people on low income if VAT were 20% on everything, with compensation through benefits.

The complexity of reforming tax is partly because it's intended to achieve different outcomes. Much of it is to raise revenue, to fund public services. The big three elements are income tax, national insurance and Value Added Tax.

Income Tax

Income tax is diverging between Scotland and England, and tax on employment is inconsistent across employed, self-employed and (typically high earners with) one-person service companies.

But a lot of it, in piecemeal form, is to change behaviour: stop smoking, drink and gamble in moderation, reduce carbon emissions and landfill, shift to an electric car and get married.

The risk with that is that it's too successful. Push people away from using diesel and petrol, towards electric battery cars, and the government creates a very large hole in its revenue.

It introduced a sugary soft drinks tax, with a lead time for manufacturers to cut sugar content. They did so, it succeeded on health grounds, but brought in less revenue than expected.

By tipping income tax away from low earners to high, by raising the starting threshold to £12,500, makes it fairer. But it also makes revenue highly dependent on small numbers of very high earners.

They're internationally mobile, they have clever accountants, and the system is vulnerable to sudden moves of their income from one tax jurisdiction to another.

That competitive element of tax at the upper end is also a feature of corporation tax. Ireland set the pace with a 12.5% tax rate, which was vital to transforming its economic performance. The UK has since fallen from 30% to 19%, as other countries have also cut to avoid loss of foreign investment.

Capturing the internationally mobile tax base is also a big challenge with the digital economy. Apple, Amazon, Microsoft and Google are huge players in the economy but pay very little tax in large countries, because they say their software and algorithms are to be found in low-tax jurisdictions.

The UK is one of several European countries that wants to tax that activity. France is to the fore in doing so. But an attempt by the OECD richer country club to co-ordinate digital taxes has been fatally undermined by the Trump administration pulling out of the project. The taxes are seen as anti-American, and US trade tariffs are threatened against countries that introduce a tax unilaterally.

Wealth tax

As some sources of tax ebb away, such as fuel duty and digital commerce, the search is for a more reliable future tax base. Wealth is one obvious place to look.

Much of the nation's wealth is held in pensions, yet - as the PAC noted - we give huge tax breaks to those who build up wealth to fund their retirement.

Property is another widely-spread form of wealth-holding. That's already taxed, with transaction tax, under similar systems in Scotland, Wales, and England with Northern Ireland.

Apart from raising revenue, that makes no sense at all. It penalises those who have to move, for instance for a job, it's an extra charge on growing families who need a bigger home, and it's an incentive for older people with big houses not to downsize and make way for larger families.

Homes are also subject to council tax. Lower-income households pay a larger share of that income on council tax than higher-income ones.

The Scottish system has tinkered with that, but only at the margins. It continues to share with England the increasingly absurd valuation base of 1991 prices. No government is willing to revalue, because losers complain loudly and winners take their gains for granted.

If those who could gain by revaluation realised how much they're missing out, they'd be complaining loudly already.

There is a case for abolishing both council tax and transactions tax, and rolling them into an annual property tax based directly on valuation. But that, too, would mean some people getting much bigger bills

Tax on the wealthy

For financial wealth, such as share-holdings, that is much more focussed in high net worth households, and the Treasury is looking at changes to Capital Gains Tax.

Land could be taxed more efficiently. There are problems there: a lot of Scottish land doesn't generate much income, and the more productive land is heavily subsidised.

Government could also put more of a burden on to inheritance tax, but it knows there is a fierce backlash awaiting them among traditional Tory voters and their cheerleading newspapers.

One idea for exceptional times is for a one-off wealth tax, to pay the one-off costs of the current crisis and set government debt back to more manageable levels - say, 2% of everything you own, above a certain threshold.

Theoretically, it makes some sense. Practically, it would be a nightmare - identifying wealth, ensuring it's not hidden, turning physical assets into cash for payment. Politically, that looks tougher still.

Tax at Holyrood

Could Holyrood make much of this tax reform? It hasn't done the borrowing to tackle the health and economic crisis, but it will surely suffer the effect of cost cutting when the bills come in, so flexibility on tax raising would be handy.

MSPs are limited on many fronts, particularly where reserved powers over benefits, national insurance and unearned income tax (on dividends) don't mesh with its newish income tax powers.

But rather than focus on what it can't do, there are things it could tackle. Business rates are now a target for Whitehall reform. There's a risk that Scotland gets left behind with an out-dated system, punishing already traumatised retailers, and could be forced to adjust and match English reforms.

Council tax and business rates could have been reformed since the Parliament first sat in 1999. But SNP, Labour and Liberal Democrats all failed to live up to their rhetoric on council tax, and on it goes.

Holyrood can diverge on air passenger duty, but it's choosing not to do so. It has given powers to councils to introduce tourist taxes and workplace parking charges, but ministers don't sound keen on seeing those powers used.

Next to require decisions could be tax on sugary, salty and fatty foods. The prime minister is a new convert to government "nanny"-ism and in recent days, he seems to be setting the pace.

Charities urged to take part in government review of business rates

Charities are being urged to respond to the government's review of business rates in England.

The Business Rates Review: Call For Evidence, seeks views on the business rates relief, which is worth £2bn to charities.

Under a subsection entitled "abuse", the report specifically mentions the charities where it highlights the misuse of empty property relief.

It calls attention to "owners granting leases on vacant properties to charities claiming the property will be used for charitable purposes when next in use", despite there only being a handful of such cases when compared against the number of charities that receive the mandatory 80 per cent relief on business rates.

The first phase of the government's review will look at how the business rates system currently works, issues to be addressed, ideas for change, and a number of alternative taxes.

At this stage in the review, the government is not consulting on the specific design of policies.

The second phase of the review will seek evidence in response to the publication's other sections that include valuations and transitional relief, plant and machinery investment, the administration of business rates, and exploring alternatives.

More detailed information can be found on the Charity Tax Group website.

The CTG tweeted earlier today: "The Fundamental Review of #BusinessRates has been published [England only]. Given the value of reliefs to #charities (almost £2bn) its crucial the sector responds to highlight their importance & the case for continued support & improvement."

Roberta Fusco, director of policy and engagement at the Charity Finance Group, also urged charities to respond to what she said was "a crucially important review."

The government is seeking responses to the first phase by 18 September, to inform an interim report in the autumn.

Followed by responses on all other sections by 31 October, before the review's conclusion in the spring.

UK Hospitality welcomes progress on business rates reform

The government has launched a fundamental review of business rates, beginning with a call for evidence.

It has also pushed back the next revaluation of non-domestic property in England until 1 April 2023. The revaluation was previously scheduled for 1 April 2021.

Commenting on the developments, Kate Nicholls, chief executive of UK Hospitality, said: “Securing a full review of the business rates system has been a priority for UK Hospitality and its predecessor trade bodies for years. We have pushed extremely hard to convince the government to act on this, so it is great to finally see positive action."

Kicking back the revaluation by a further year would give businesses some "much-needed breathing room and stability", she added.

"Pushing back should also provide time for reforms to be introduced and a more accurate reflection of property values following this crisis which has clearly had an enormous impact on trade," she said.

"UK Hospitality continues to call for a further year-long extension of the business rates holiday while the sector faces deep uncertainties during the Covid-19 crisis.

“Businesses are going to need all the support they can get if they are to survive the winter."

Alongside its statements on business rates, the government acknowledged the need to reform the current duty system. It has committed to publishing a call for evidence on ways in which duty might be modified to better support the on-trade before the end of September 2020.

Nicholls said: “UK Hospitality has consistently advocated a new, more dynamic duty system which encourages innovation and consumption of alcohol in the safe and supervised environment of a pub, bar or restaurant. It has the potential to boost business.”

Frasers Group stores at risk as Mike Ashley slams business rates revaluation delay

The government said the next revaluation would not take effect until 2023

- Mike Ashley warns some Sports Direct and House of Fraser stores may have to close
- The warning comes after the government delayed the next business rates valuation until 2023

Mike Ashley has warned that some of his Sports Direct and House of Fraser stores may have to close following the government’s decision to delay the next business rates revaluation until 2023.

Ashley’s Frasers Group said the decision to delay the next revaluation has “kicked” high street businesses at a time when the trading environment is tough.

The group had initially refused to close its Sports Direct stores in March under the UK lockdown, but later followed through and issued an apology.

Moreover, Ashley said the government had “buried its head in the sand on the critical business rates issue, raising unfair and uneconomic revenue sums from already distressed businesses”.

Business rates are taxes to help pay for local services, charged on most commercial properties.

In March, the government said it would launch a “fundamental review” into the long-term future of business rates during the pandemic.

On Tuesday the government said the next revaluation would not take effect until 2023 based on property values in April 2021.

“Not only has it has kicked the can down the road; it has also kicked businesses when they are clearly down,” Ashley said.

“How many more businesses on the High Street have to disappear and jobs be lost before the government takes this issue seriously?

“How does the government reconcile its maintenance of a punitive and outdated business rates regime, with its predictable and devastating effect on the viability of bricks and mortar businesses, with its recent policy decisions seeking to have customers return to our high streets?”

BRC business and regulation director Tom Ironside said: “Business rates are a huge burden for retailers even in normal circumstances, and the current system has contributed to store closures and job losses across the country.”

“Securing a review of the system is a longstanding priority for the industry, and so we welcome the announcement of the Call for Evidence, which progresses a key objective for the BRC and the industry.

“Over the coming weeks, we will be working closely with retailers to develop our response. The overarching objective of the review must be a sustainable system that is fit for the 21st Century and which reduces the overall burden on retail.”

Frasers Group is yet to update the market on how its portfolio of retailers has performed in terms of sales during the pandemic.

Sports Direct owner says UK business rates delay threatens stores

Mike Ashley’s Frasers Group , formerly Sports Direct, said it would reassess the viability of some of its stores following a British government decision to delay the next business rates valuation until 2023.

Business rates, a particular burden for retailers, are taxes to help pay for local services, charged on most commercial properties. They are currently calculated according to the rentable value of a property.

In March the government promised a “fundamental review” into the long-term future of business rates and, to help retail, hospitality and leisure sectors during the coronavirus crisis, exempted them from the tax for a year. The sectors are struggling with thousands of jobs already lost.

But on Tuesday the government said the next revaluation would not take effect until 2023 based on property values in April 2021 so they reflect the impact of the pandemic.

That means next year’s business rates will be paid based on values from 2015.

“With the High Street already in meltdown, COVID-19, the lockdown, and its after-effects are now pulverising what remains,” Frasers, which trades from about 500 UK stores, said in a statement on Wednesday.

“Yet the government stands aside and has buried its head in the sand on the critical business rates issue, raising unfair and uneconomic revenue sums from already distressed businesses.

“Not only has it kicked the can down the road, it has also kicked businesses when they are clearly down,” it said.

Frasers noted that some of its House of Fraser stores pay no rent but still lose money and that a business rates correction could have dramatically changed their economic viability.

“However with yesterday’s announcement, Frasers Group will again have to carefully review the viability of a number of stores within its portfolio,” it added.

Shares in Frasers, 64% of which are owned by Ashley, closed down 2% at 282 pence, valuing the business at 1.45 billion pounds.

Most of Ashley’s outlets are still called Sports Direct, though the corporate name was changed as the group also now owns the House of Fraser and Flannels chains.

Chartered Institute of Taxation welcomes wide-ranging review of Business Rates

The Chartered Institute of Taxation (CIOT) has welcomed the launch of a fundamental review of Business Rates in England. The Government published a call for evidence today following an initial announcement at Budget 2020.

Kersten Muller of the CIOT’s Business Rates Working Group said:

“The case for a fundamental review of business rates is overwhelming, though it will be a challenge for the Government to satisfy all interested parties, especially at a time when finances are likely to be tight.

“There are some reforms it should be possible to build consensus around, however. Transparency around the criteria for business rates reliefs and the processes for claiming them matters to business - and to local authorities - that both collect business rates and are reliant upon them to fund local services.

“Billing authorities have the autonomy to run their business rates system as they see fit. There is no obligation for them to be consistent in whether reliefs are applied automatically or not. Businesses find it difficult to know what reliefs they are eligible for, and local authority guidance on reliefs can be limited. How a relief is claimed varies too – some authorities offering an online facility while others use paper forms; the forms themselves differ between authorities.

“The review is seeking evidence on whether and how reliefs can be simplified, targeted more effectively, made robust against abuse and how the design and administration of business rates reliefs can be otherwise improved. The focus should be on a system that reflects the way businesses use property in the 21st century. Continual tinkering with the system does not create the best results.”

Government seeks evidence for business rates reform

The government has launched a call for evidence on the reform of the business rates system.

The call for evidence, which will be open to submissions until 31 October, considers several areas of the business rates system and calls for views on how the system can be reformed, including whether:

- The current system of reliefs and exemptions strikes the right balance and targets the right businesses
- Reliefs should be set centrally or by local government
- There should be changes to the controversial Check, Challenge, Appeal system
- An entirely different alternative to business rates should be considered, including an online sales tax and a capital value tax.

The government's objectives for the review are to reduce the overall burden of the system on businesses, improve the current system, and consider more fundamental changes in the medium to long term.

In response, ACS chief executive James Lowman, said: "The rates system still acts as a barrier to investment, with retailers in fear of improving their stores because of the increase in rates bills that follows. We urge the government to consider all available options as part of the plans to reform the business rates system to help retailers invest."

A ministerial statement in Parliament has also confirmed the next business rates revaluation in England will take place in April 2023, based on property values in April 2021 to reflect the impact of Covid-19.

Anger rises at business rates delay

Bills 'out of date' as revaluation put off to 2023

Companies will be paying "wildly out-of-date" business rates bills based on pre-coronavirus property valuations until 2023 after the government postponed a revaluation for the commercial premises tax.

Experts said that the Treasury risked condemning businesses struggling with the fallout from the pandemic to paying bills that bear "no relation to economic realities" as it delayed a reassessment of property values.

The announcement was made as the government issued a "call for evidence" over its promised fundamental review of business rates, a response to longstanding complaints that the system is flawed and outdated. The government said that the postponement would "reduce uncertainty for business".

However, Jerry Schurder, head of business rates at Gerald Eve, the property adviser, said: "This announcement does indeed 'give businesses certainty' — but only in that they now know their bills are going to remain unsustainably high."

Business rates are collected on commercial property and are linked to the underlying value of the premises. The tax is widely seen as outmoded because it penalises companies that need a presence in town centres, where values are higher, resulting in them paying more in rates than online and out-of-town rivals.

The retail and hospitality industry says that it is burdened particularly unfairly, making calls for reform more urgent as trade at shops and restaurants has been ravaged by the coronavirus lockdown.

Rates bills are based on property values from April 2015. Mr Schurder said: "All ratepayers . . . will find themselves paying rates bills based, absurdly, on property rental values that predate not only the Covid-19 crisis but the Brexit vote, too."

Tom Ironside, director of business and regulation at the British Retail Consortium, said: "If businesses are to be forced to pay rates based on outdated valuations until 2023, the government will need to be ready to intervene to mitigate the detrimental impact of this broken tax."

The government first mooted a delay to a revaluation of rates in May, in response to Covid-19. Yesterday it said that the next revaluation would not take effect until April 2023, at which point it would be based on 2021 property values in order "to better reflect the impact of Covid-19". It had said previously that the next revaluation would be in 2022 and would be based on pre-coronavirus property values.

Rates are the sixth biggest contributor to Treasury coffers and the tax is viewed by the government as easy to collect and hard to avoid. It has become an increasingly important source of funding for local authorities.

John Webber, head of business rates at Colliers International, the property advisory firm, said that basing the valuations on 2021 prices was likely to result in a “significant reduction in annual tax take” unless the government introduced measures such as increasing the “multiplier” — a multiple of the rateable value, which is used to calculate bills.

Mr Webber said that the review “could give the government the opportunity to recognise that the amount taken in business rates is excessive and unsustainable”, but he added: “Given the state of public finances by 2023, it is unlikely they will be able to afford to do this.”

The government also faced criticism yesterday for plans to broaden its push to digitise the tax system. HM Revenue & Customs’ “making tax digital” programme, which requires online filing for businesses above the VAT collection sales threshold of £85,000, will be extended to all VAT-registered businesses below the threshold from April 2022. Taxpayers who file self-assessment returns for business or property income of more than £10,000 a year will be brought into the programme the following year.

The Federation of Small Businesses said: “At a time when government should be backing small businesses and the self-employed to drive recovery from a severe recession, the last thing we need is wholesale expansion of [making tax digital] without the right support in place.”

The business rates review is expected to conclude in the spring of 2021.

Business rates call for evidence launched as next revaluation pushed back to 2023

The government has postponed the next business rates revaluation for a year, until April 2023, and launched a call for evidence on reforming the system.

The new revaluation date means it will be based on rents payable in April 2021, reflecting the impact of the pandemic.

It’s the latest in a series of reschedulings for the revaluation. It had originally been set for 2022, but in March this year legislation was introduced in the House of Lords bringing it forward a year to 2021. It would then be based on rents payable in April 2019, in a move intended to help retailers by providing more up-to-date ratings sooner.

But in April the Association of Convenience Stores and the British Independent Retailers Association warned that would be disastrous because the revaluation would be based on pre-Covid rents. The industry bodies called on Chancellor Rishi Sunak to push the revaluation back to 2022 and base it on rents payable a year prior, in April 2021, rather than two years.

In May the government agreed to postpone it. Although no new date was specified in the announcement, it would have defaulted to 2022 under legislation.

Today’s confirmation that it will be in 2023 has received a mixed welcome from commentators. While it means it will be based on rents in 2021 – as the ACS and BIRA had demanded – it also means rates bills will be calculated according to the 2017 revaluation, based on 2015 rents, for another three years.

“Such a long list is in nobody’s interest and only intensifies the need for urgent business rates reform,” said Colliers International head of business rates John Webber.

Alex Probyn, UK president of expert services at property advisors Altus Group, said: “A revaluation reflecting the emerging post Covid-19 economy and the ‘new normal’ must be the right thing to do. This will translate into lower tax demands in the longer term.”

Announcing the new date in a parliamentary statement today, Jesse Norman, financial secretary to the Treasury, said: “Under current legislation, the next revaluation would take effect on 1 April 2022 based on pre-Covid-19 property values as of 1 April 2019. In May 2020, the government announced a postponement to provide greater certainty for firms affected by the impacts of Covid-19.

“The government is today announcing that the next revaluation of non-domestic property in England will instead take effect on 1 April 2023. So that it better reflects the impact of Covid-19, it will be based on property values as of 1 April 2021.”

The call for evidence is seeking views on a range of possible reforms including replacing business rates with an alternative tax system and introducing an online sales tax.

It’s part of a business rates review which the government committed to in the spring budget. The deadline for submissions is 31 October, although some sections require responses sooner, by 18 September.

BRC director of business and regulation Tom Ironside said: “Business rates are a huge burden for retailers even in normal circumstances, and the current system has contributed to store closures and job losses across the country.

“Securing a review of the system is a long-standing priority for the industry, and so we welcome the announcement of the call for evidence, which progresses a key objective for the BRC and the industry. Over the coming weeks, we will be working closely with retailers to develop our response. The overarching objective of the review must be a sustainable system that is fit for the 21st century and which reduces the overall burden on retail.”

A focus on UK commercial property
Key Takeaways

- As a result of COVID-19 the independent valuer for the Janus Henderson UK Property PAIF, CBRE, applied a material market uncertainty clause to the fund valuation on 17 March 2020 and, in line with new rules from the Financial Conduct Authority, the decision was taken to temporarily suspend dealing in the fund and its associated feeder fund to protect the interests of all investors.
- A date for the reopening will be announced when this period of material uncertainty has passed and property valuations are more certain. Also, the fund has historically maintained a cash position to meet a reasonable level of redemptions. Prior to reopening, we want to be satisfied this can be maintained and the funds will not face resuspension in the short term.
- The fund's investment approach is to hold a portfolio of relevant, energy efficient and well-connected assets that companies of today and the disruptors of tomorrow would wish to occupy. COVID-19 has, in many ways, accelerated the market shifts that the fund managers have been anticipating.

Why did the Janus Henderson UK Property PAIF (the fund) and its Feeder Fund close for dealing in March 2020?

Simon: The COVID-19 pandemic created significant market uncertainty. This led the valuer of the fund’s direct property portfolio – CBRE – to declare on 17 March 2020 that it had material uncertainty around the valuation of UK physical properties across the market, and therefore by inference all the fund’s direct property assets. Given this material uncertainty and the Financial Conduct Authority’s rules in this regard, we needed to protect the interests of all investors by suspending dealing.

This material uncertainty extended across all UK property fund valuations issued by CBRE and was agreed to by all independent fund valuers. The dealing suspension (which is still in place at the time of writing) allows the valuer to better understand the impact that the COVID-19 crisis is having on direct property market valuations.

What impact has the COVID-19 pandemic had on UK commercial property?

Simon: Returns from UK commercial property are predominantly derived from rental income, typically paid on a quarterly basis by the tenant that occupies the property. During the COVID-19 lockdown many businesses were forced to shut. This has affected the ability of some businesses to pay rent, notably within the leisure and retail sectors, and may also put downward pressure on the capital values of properties with distressed tenants. A reduction in rental receipts will, over the course of this year and possibly beyond, impact the level of income distributions that UK commercial property funds can make to investors.

What have you been doing to try to mitigate this impact?

Ainslie: We are working with all our tenants and offered to move to monthly rents to assist their cashflow. We believe it is important to support tenants through this challenging time rather than risk vacant properties when the crisis is over.

Communicating with tenants has also fostered discussion on sustainability matters, energy efficiency, and potentially taking longer leases as a trade-off for any rental breaks. During the lockdown we also offered vacant space and use of carparks in shut assets to the NHS and the government.

Have you implemented any investment activity?

Ainslie: In June we completed our first sale post the full impact of lockdown. There are other sales under offer and, with the gradual loosening of restrictions, more building surveys are taking place.

We continue to implement asset management initiatives. These can include refurbishment work to improve valuations and attract a better quality of tenant, changing the planning use of assets to increase rental revenue, or renegotiating existing leases to extend tenancies. We also implemented a new office letting during the lockdown.

When might the funds reopen for dealing?

Simon: A date for the reopening will be announced when this period of material uncertainty has passed and property valuations are more certain.

Since 31 May 2020, CBRE and other fund valuation houses have removed the material uncertainty clause from certain types of assets, notably where transaction activity in the market is providing valuation evidence. We would expect that the uncertainty clause will remain on some sectors or specific assets while social distancing is in place.

Another consideration is that the fund has historically maintained a cash position to meet a reasonable level of redemptions. Prior to reopening, we want to be satisfied this can be maintained and the funds will not face resuspension in the short term. We are acutely aware of the frustration that the suspension may have caused investors and would like to thank you for your patience during this challenging period.

What is your outlook for UK commercial property?

Ainslie: Our approach is to hold a portfolio of relevant, energy efficient and well-connected assets that companies of today and the disruptors of tomorrow would wish to occupy. COVID-19 has, in many, ways accelerated the market shifts that we have been anticipating.

While the UK commercial property market overall saw an initial downward valuation shift when COVID-19 measures started to be implemented, many areas have been resilient. Industrial and logistics are sectors we have liked for several years because they are benefactors from the rise in ecommerce, which the lockdown has only encouraged.

Social distancing measures and greater working from home is likely to affect offices, a sector to which the fund does not have a large weighting. Those offices that we do own are not high-rise and, therefore, should be easier to accommodate returning staff.

As to retail, several years ago we started to respond to emerging structural change by diversifying away from traditional areas of the retail market. The fund does not own any shopping centres, an area of the market along with certain leisure-based assets, such as restaurants and hotels, which may continue to struggle. On the upside, we expect retail warehousing to become more robust as the size of the units easily allows for social distancing. Supermarkets have been a beneficiary of the lockdown and those that the fund owns continue to trade well.

Ex-Tesco chief Sir Terry Leahy: 'Ditch business rates to save retail jobs'

The former boss of Britain's biggest retailer gives his vision for the future of the High Street and the economy in an exclusive interview

The former boss of Tesco has called on Government to relax planning regulations and abolish business rates to aid a revamp of Britain's barren High Streets.

Sir Terry Leahy said that, with thousands of jobs being lost in the retail sector after non-food stores were forced to shut in lockdown, the time was right to ditch the much-criticised business tax. Retailers have been given a year's holiday from rates.

Leahy told the Standard: "The time has now come that the Treasury has to find a solution for the problem. In the past the feeling was that retailers could pay and jobs were being created in that sector, that's no longer the case, jobs now are being lost in retail.

"They can't afford to pay the extremely high taxation levels that the combination of corporation tax and business rates mean for a retailer, they're competing with people who are not paying the same level of taxation and unless it's addressed it will mean very material job losses in the sector and that wasn't the case in the past and now government does appreciate it needs to find a solution."

Leahy led Britain's biggest retailer for 14 years, fronting a buccaneering global expansion policy. He is now a senior advisor at private equity firm Clayton Dubilier & Rice and a serial investor.

Speaking over Zoom, Leahy said the Covid crisis had accelerated the shift, notably in non-food retailing, online and town planners needed to act quickly. He said: "The High Street can now start to reshape around a more settled picture in terms of consumer demand. Clearly that will mean there will be less non-food space on high street, but it will in time be replaced by housing, retirement homes, doctors surgeries, gyms, beauty parlours, lots of services, restaurants when people come back... with the right sort of imaginative, visionary planning I think the high street can recover."

During Leahy's tenure as Tesco chief, the supermarkets chain pursued an aggressive out-of-town expansion strategy which many claimed was detrimental to high streets.

The Liverpudlian also urged government to loosen planning rules, alluding to Prime Minister Boris Johnson's infrastructure mantra. He said: "Build, build, build is not a bad slogan for the direction we should try and take for the economy because the starting point is that we have to grow ourselves out of the problem in order to be able to repay the debt, austerity won't deal with it, taxation won't deal with it, you have to build the wealth creating base and then you're in a much better position to meet the fiscal challenge and meet the social and environmental objectives that people have.

"For the whole of the UK, the one thing we can do is slow the growth in product and market regulation. The fastest growth sector in the UK economy in last 20-30 years has been regulation and we need to put that in reverse, it's the big break in productive growth. You only have to look at land use and planning policies, there's reams of studies that show that an over regulated planning sector is a huge brake on economic growth."

"We need a period where we suspend some of these planning rules in order that we can push on and develop the economy and build the infrastructure that we need. In many examples we may not need to suspend the rules, just get the decision more quickly. The problem is the time and the uncertainty in the process as much as the actual hurdles that people have to overcome... Look at London, it's incredibly difficult to get a garden shed extension in some parts of London but at the same time we've missed out on air pollution, it's incredible, far more important."

Leahy pressed for UK city and town leaders to be strategic about their planning – identifying which industries could give them long term prosperity - and not wait for Westminster to give them direction.

The son of a Merseyside bookmaker, the retail veteran started his career stacking shelves at the chain he would go on to lead. He climbed the ranks and into the upper echelons of Tesco via the marketing department, and his work on Clubcard is seen as pivotal in its growth at the expense of rivals.

Leahy's legacy has been frequently reassessed in the decade since his departure as the group descended into crisis - culminating in an accounting scandal - under his successor Philip Clarke. Current chief Dave Lewis righted the ship and leaves in the autumn, succeeded by former Boots executive Ken Murphy.

Wealth taxes are great – when it's someone else's wealth

The Chancellor, Rishi Sunak, has single-handedly turned the UK Conservatives into the party of big government, big spending and – ultimately – big taxation. Ironic, really, since the former investment banker used to be a bit of a free-market Thatcherite.

Coronavirus is no respecter of ideology. At the height of the furlough programme, nearly half of all British adults were being paid by the state one way or another. Few socialists ever envisaged the state paying private sector wages.

But even this Chancellor has to obey the laws of gravity. The UK and Scotland's finances will have to be repaired somehow. Borrowing £350 billion per year is simply unsustainable, even for the most enthusiastic Keynesian. There are three main ways of doing this: cutting public spending, raising income and sales taxes or taxing wealth.

Boris Johnson has made clear that austerity, 2010 style, is not happening this time, which is a relief. Nor is he likely to increase income taxes by very much. This is because, like cutting public spending, a general increase in income taxes will only depress the economy further.

People will be less inclined to spend in the shops if their take-home pay declines. That means fewer sales and that leads to redundancies and short time in the services sector and in the factories making unsold commodities.

So, the most sensible way to repair the public finances would appear to be to tax wealth rather than income. There are several reasons why this makes sense.

First of all, wealthy people don't spend much of their wealth in the high streets, so taxing them doesn't depress the economy very much. There are only so many Lambos and Patek Philippe watches your average plutocrat can buy.

Most of the wealthy put their surplus income into investments like property and shares. Their money makes money. And those assets have increased in value because of the Bank of England policy of quantitative easing. By forcing down interest rates, the value of assets like houses increase dramatically when governments print money.

According to the Office of National Statistics, house prices in London have risen 500% in the past 20 years, whereas incomes have risen less than 50%. Since the financial crisis, many people have literally become millionaires simply by seeing their homes increase in value by double digits year on year.

Same with shares, which are over-valued because companies can right now access almost free money via QE. This has meant a wealth windfall for property owners, share portfolios and private pensions.

The answer seems simple: just slap a surtax on the top 10% of the population who own nearly half of all wealth. This is exactly what the Scottish Labour leader, Richard Leonard, proposed last year: a 1% annual tax on those with more than £750,000 in property and financial assets like private pensions.

He believes that the Scottish Government right now has the power to impose this tax – a claim the Scottish Government reject. But even if Nicola Sturgeon could impose a wealth tax, she wouldn't go for this one.

A number of Scots may have private pension funds worth £750,000, but they don't have access to the money until they retire, when they commonly get annuities based on the fund. Most people have no idea just how costly pensions are these days

Funding a private pension of £25,000, index linked, would require a private pension pot of over £1million, and that pension money is taxed. A government that slapped a £10,000 super-tax on people earning pensions of less than the average wage would soon feel the heat.

Moreover, many more people with occupational pensions and public sector pensions are also millionaires, though they don't realise it until they retire and are told the transfer value of their fund. NHS doctors recently revolted over paying tax on their pensions above £1 million. A senior teacher on a defined benefit pension also might well have a nominal fund value of approaching £1m.

Hitting pensioners and public sector workers would be politically catastrophic, and Nicola Sturgeon is much too cautious to go there. Indeed, the SNP have probably been sitting on Richard Leonard's "pension grab" to use as ammunition in May's Scottish election campaign.

The new UK Labour leader, Sir Keir Starmer, has certainly seen the risks and has slammed on the brakes. There is currently much confusion about whether Labour has a wealth tax at all, but we can be pretty sure that, if it does, it will not include main homes and pensions, in England at least.

Nearly 80% of the UK's total personal wealth of around £14 trillion is in homes and pensions. That leaves a relatively small chunk that's wealth-taxable. And we can be sure that if there is a wealth surcharge, financial planners will help those with much "excess" wealth to send it abroad or put it into their pensions.

However, this is not a reason to give up. The economy needs to be rebalanced in favour of people who work for a living rather than just sit around watching the value of their assets increase. The Labour-supporting tax expert, Professor Richard Murphy, says there are ways of taxing the income from private wealth more fairly. The best wealth taxes are on property and death.

Capital Gains Tax is a tax on the increase in value of an asset, like a house. But at present it is limited to 15% , not the current top rate of 45%, and there are claims that the rich are paying themselves in CGT to avoid income tax. There are cross party calls for the rates to be harmonised with income tax rates.

Rishi Sunak appears to agree and is currently reviewing capital gains tax relief. He may also apply it on first homes over £1 million. In France, owners pay a special tax, fonciere, on the rental value of a home, whether it is rented or not.

There is a very strong case for a revaluation of home values on which council tax is based – they haven't been revalued for nearly 30 years so don't take into account the huge increase in property values since. The Scottish Government could do this under Holyrood's existing powers.

Death duties are also very hard to avoid. There is a case for increasing this too since in the next few decades there is going to be a boom in inheritances because of those increased property values. Currently, fewer than 5% of the population pay death duties, so this should rise.

Tax reliefs should also be in the firing line. Abolishing or reducing higher rate tax relief on pension contributions would raise huge amounts, as would further raising the ceiling on National Insurance contributions.

Mr Sunak should also be thinking about increasing business taxation if only to claw back some of the earnings of multinational companies, like Amazon and Apple, which have become adept at avoiding them.

So wealth taxes are the future. But any politician who tries to slap a general tax on wealth is asking for trouble. According to recent polls, most voters are in favour of wealth taxes – just so long as it's someone else's wealth.

Retail's big rental reset

Luxury retailers to mid-market fashion brands are squeezing landlords for reductions. Will they give up decades of rental growth?

Valentino started it last month, suing its Fifth Avenue landlord to exit its 15-year lease because it was “no longer workable” as a luxury destination. Rental prices in Manhattan have been falling since Covid-19 began.

It‘s a pattern playing out in shopping capitals globally. Starved of tourists and city-centre workers, mainstream and luxury retailers like Hugo Boss, Burberry, Mulberry and Nordstrom are pushing their landlords for flexibility as sales decline.

“There’s no doubt high streets around the world are going to have a rent reset,” says Garrick Brown, vice president of retail intelligence for Cushman & Wakefield.

With tourism likely curtailed until 2021, domestic shoppers staying at home and e-commerce increasingly viable, fashion is negotiating for rental relief as city-centre stores become less lucrative. Even as brands maintain their high-profile stores on the most expensive shopping thoroughfares, rents in neighbouring and mid-market streets are starting to come down. Central London retail rents fell 8.4 per cent in the first quarter, according to Savills, who forecasts a worsening decline in the second quarter. CBRE says Manhattan retail rents declined 9 per cent in the same period, while in Milan, deals to reduce luxury leases are happening behind closed doors to avoid reputational damage, according to Savills’s Francesca Cattagni. Via del Corso in Rome and Corso Vittorio Emanuele in Milan will have rental declines, she forecasts.

In London mid-priced commercial avenue Oxford Street was renting for £1,000 per square foot last year, according to Knight Frank, but has dropped to around £800 per square foot. Bond Street is around £2,225, and steady. But while it has held its rental price, deals are still being negotiated: one major luxury London landlord said luxury clients are requesting monthly rather than quarterly rental payments to free up cash flows. Smaller designers on neighbouring streets that leverage off of Bond and Sloane Street in London “are fighting harder to reduce rent because their livelihoods depend on it”, according to Harper Dennis Hobbs’ Jonathan De Mello.

British luxury firm Burberry has been working with landlords on rental relief in its Asian store network. Hugo Boss says it’s seeking “selective and temporary” rental relief in difficult markets, while Nordstrom confirmed to Retail Dive it will be lowering its rent payments until the beginning of next year.

Mulberry chief executive officer Thierry Andretta is calling for British government to review rents and business rates, a form of tax on property you occupy, to protect jobs and give brands time to recover. Already, there is a moratorium on evicting tenants for unpaid rents until September.

Andretta said in an email that rent in the UK, specifically on London's Bond and Regent streets, was a top concern as it is “some of the most expensive in the world”. Such high cost of rent forces luxury brands to increase prices, he says, in turn hurting the likelihood of tourists choosing London as a shopping destination over Milan or Paris, where luxury brands are cheaper by 5 to 10 per cent.

Mid-market brands have been more open about readjusting rental prices. Firms including H&M and New Look have requested that lease payments be linked to turnover in the future. Confindustria Moda, the body representing the Italian fashion industry, called for a pause on rental payments when stores across the country were all closed in March. Retailers in the UK paid just 14 per cent of the rent due in the last quarter, per commercial property management platform Re-Leased.

In London, there had been attempts at rental renegotiation by brands across the price spectrum says Stephen Brower, head of property at British legal firm Edwin Coe. “They’re seeing an opportunity and they are trying to make the most of it while they can.”

Luxury brands are unlikely to close their established stores in districts where their peers are holding fast due to the reputational downside of doing so. In that sense, Valentino marks a rare example of a brand breaking away from the pack given they are only a block away from Gucci and Louis Vuitton on Fifth Avenue.

The immunity of established luxury streets to these effects is largely based on the assumption that tourism will recover at some point within the next year and that spending will return when it does. Some may lose importance if Chinese consumers keep a significant bulk of their spending on the mainland.

The greater impact instead might be on future store openings. CRBE’s executive managing director of retail and advisory Brandon Famous says brands looking at the data may well avoid opening points of sale in Western cities where they do not already have a presence. “They may say well, rather than do that, we may end up taking that money and opening four more stores in China.”

Pubs across UK will be lost forever unless 'unfair' business rates are scrapped

PUBS will not survive unless Rishi Sunak scraps unfair outdated business rates, the managing director of one of Britain's biggest family owned breweries has warned.

William Robinson, the managing director of Stockport based Robinson’s Brewery, called on the Chancellor to use the coronavirus pandemic as “an opportunity” to completely overhaul taxation on businesses. Mr Robinson was a guest on former cabinet minister Esther McVey’s Blue Collar Conservative conversation podcast which has been a platform for the Red Wall Conservative campaign to end business rates.

He said: “I would like the government to come out with a very clear statement to continue with the cessation of business rate from 2021 to 2022. In doing that will allow all pubs to get back on their feet properly and retain more staff.”

He went on: “If you are about rebalancing the economy it is not all about bricks and mortar taxes. It’s not just pubs that are suffering it is the high street.

“Business rates needs to be considered. This can’t be kicked into the long grass again. I remember five years ago I went to talk to some MPs in Parliament and nothing has moved on.”

Robinson’s Brewery, which has been in the family for six generations over 182 years, owns 260 pubs, inns and taverns.

The rent for the property landlords was cancelled by the brewery when lockdown began to help keep them in business.

But Mr Robinson insisted that in the long term it is the government who will need to help by making the tax system fairer.

Currently, pubs pay higher rates than shops because the system is based on expected business not property size.

However, Mr Robinson argued that the high streets and restaurant are as much at risk from maintaining business rates while online companies like Amazon pay very little.

He said: “There doesn’t seem to be a fair balance between the physical economy and digital economy on taxation.”

Ms McVey said: “I think it is the right time now. Because people have avoided it for a long time. Business rates did deliver a lot of money to the Exchequer.

“It is a tax for a bygone era now. It needs to go.”

Fall in business rates could hit TfL’s coffers

Transport for London could face further financial pressures from an expected fall in the capital’s business rates revenues because of Covid-19.

London mayor Sadiq Khan has said the Greater London Authority group, of which TfL is a part, faces a £493m budget shortfall over the next two years under a “reasonable worst case scenario” because of predicted losses of business rates and council tax revenues resulting from Covid-19.

Business rates make an important contribution to TfL’s finances.

The mayor’s budget guidance to the GLA group, published at the end of June, provides a breakdown of the savings that will be required over the next two years if the Government does not come up with additional funding.

It states: “Based on the current ‘reasonable worst-case’ estimate of seven per cent losses in council tax revenues and reductions of 11 per cent in business rates income by March 2022, TfL will have to save £75.5m in 2020/21 and then £211.9m in 2021/22, as its contribution to the total £493m savings required.

“As over three-quarters of business rate income is provided to TfL, the mayor has determined that TfL should bear a proportionate share of the overall losses of business rates income anticipated in 2020/21 and 2021/22.

"The actual figure will therefore be dependent on projections of actual business rates income, including the impact of any Government support for the business rates system."

In May the Government provided TfL with a £1.095bn grant and £505m loan facility to keep transport services running until September.

Business rates advice - Museums

On 8 June 2020 a long-running saga in relation to how museums are valued for business rates purposes came to an end when the Court of Appeal refused to allow the Valuation Office Agency (VOA) to appeal against the Decision of the Upper Tribunal (Lands Chamber) (UT(LC) in the case of Stephen G Hughes (VO) v Exeter City Council. Instead, the rateable value for Exeter's museum, the Royal Albert Memorial Museum (RAMM) was determined at £1 and not restored to the figure of £445,000, as requested by the VOA.

The ruling, while significant for RAMM, also has wider implications for the valuation of all museums.

Lack of comparable evidence

The question of how to value museums or, more specifically, museums in historic Listed buildings is a fundamental one, and has thankfully now reached its legal conclusion. Business rates are based on the notional rental value of every non-domestic property in England and Wales, with minor variations in Scotland and Northern Ireland.

Determining the rateable value of a property is relatively simple for some asset classes, such as shops, offices or warehouses because the majority of said properties are rented and that rental evidence can be analysed and applied to other similar properties in the same location. Other asset classes such as pubs, hotels and commercial leisure attractions are valued by reference to their trading value.

Alternative valuation method

Museums however, are unique buildings with no two being the same and few even being in the same location. In addition, the majority are occupied by the freehold owner and there is no rent paid. Therefore the rental value can't be determined by looking at comparable rents or even the rent being paid for the property so an alternative approach is required.

In the case of RAMM the VOA had previously argued that the rateable value should be £445,000 based on 5% of the adjusted cost of building a modern substitute, a valuation approach known as the Contractor's method. RAMM's rateable value of £1 was determined using the Receipts and Expenditure valuation method, which takes into account the ability of the occupier to pay a rent.

Indirectly, it also reflects the benefit to the landlord of having a tenant to take on the costs of maintaining, repairing, heating, decorating, etc. this historic building. RAMM is a Grade II Listed building which was originally constructed in the 1860's by a specially created charity. In 1870 it was handed over to Exeter City Council because the charity could not afford the running costs. Over the next 30 years the museum was extended on several occasions using funds donated by the great and the good as well as the local community.

Wider implications

In 2008 a large renovation project was undertaken with expensive structural repairs and an extension paid by the Heritage Lottery Fund. At this point RAMM's rateable value was reduced to £1 by the Valuation Tribunal for England (VTE) on the basis of an earlier decision of the UT(LC) in 2017 for York Museums and Gallery Trust. The VOA's appeal to the UT(LC) against the VTE's decision was intended to overturn the 2017 decision.

The UT(LC)'s decision is a very detailed consideration of all of the factors involved in valuing RAMM and has wider implications for the valuation of all museums. The 2017 UT(LC) decision was itself the outcome of 15 years of discussions and followed on from a decision of the Court of Appeal for two National Trust properties that was handed down in 1996.

Reality check

So how should museums be valued? The UT(LC) decisions don't rule out any method of valuation but, if the answer that a method produces is clearly unrealistic it should be set aside, as was the case with RAMM. It is completely unrealistic that a museum dependent upon very heavy annual funding just to break even could then be expected to find another £445,000 of additional funding to pay a rent.

While some museums do run at a surplus, particularly those in prime tourist areas, many will be in a similar position to RAMM. In the 2017 decision of the UT(LC) (Stephen G Hughes (VO) v York Museums and Gallery Trust) rateable values for museums across York ranged from £1 for Yorkshire Museum which, like RAMM, made significant annual losses and always had, to £183,000 for Castle Museum which is on the main tourist trail through York and makes a significant surplus year on year.

For Castle Museum the outcome for the appeal against the 2010 Rating List entry was the same whichever method of valuation was applied, but for Yorkshire Museum the rateable value was reduced from £106,000 to £1!

One size does not fit all

Museums come in all ages, shapes and sizes and which is another reason why a one size fits all approach does not work. A prime example of which is Transport Museum Wythall. This small, volunteer-run museum just south of Birmingham includes a range of former bus garages and a new purpose built industrial style exhibition hall.

The original 2010 rateable value based on the Contractor's method was £158,000 (having been reduced slightly after a joint inspection). However, this was reduced to £9,000 following an earlier decision of the VTE in January 2018. While each museum must be looked at on its own merits, all museum operators should be reviewing at their rating assessments and asking whether the rateable value truly represents a rent that they could realistically pay to occupy their buildings.

MPs make cross-party bid to give local press better economic protection

Cross-party calls to give local newspapers greater economic protection have been made in Westminster after pressure from editors.

Labour and Conservative MPs have urged the government to act on the issue of business rates relief for news media.

Shadow Leader of the House Valerie Vaz told the House of Commons Chancellor Rishi Sunak's summer statement on Wednesday did not contain any new measures for local newspapers "who have said they would like a further business rates holiday".

Tory MPs Rachel Maclean and Luke Hall have also raised the issue, with the latter being contacted by Newsquest editor Michael Purton about the matter.

Mrs Vaz, pictured, said: “The News Media Association say that since the start of the pandemic their advertising revenue has been reduced by 80pc, I wonder if that could be inserted into the debate next week?”

The NMA has called for business rates relief for news titles across the United Kingdom after the plan was backed in Scotland in May.

In a letter to the Chancellor this week, Redditch MP Mrs Maclean said: “According to research conducted by the News Media Association, since the start of the pandemic, the advertising revenue on which local and regional titles rely has fallen by as much as 80pc.

“At the end of March, 50pc of titles surveyed estimated their survival time to be no more than two to four months and at least 61 print titles throughout the UK have since suspended publication.

“With this in mind, I write in support of the Redditch Advertiser and the News Media Association’s call for the Government to grant a one-year 100pc business rate relief for news publishers.

“This would follow action taken by the Scottish Parliament to extend the one-year business rate holiday granted to the hospitality, retail, and leisure sectors to news publishers based in Scotland.”

In a letter to Chief Secretary to the Treasury Steve Barclay, Thornbury and Yate MP Mr Hall said: “I have been contacted by the Editor of the Gazette series Newspapers, Mr Michael Purton, regarding business rate relief for local newspapers.

“Mr Purton has asked if the Government would consider granting a one-year 100 per cent business rate relief for news publishers.

“I am personally aware of the important service local newspapers offer residents, particularly at this uncertain time, and I would be very grateful for a full consideration of this request and any financial support publishers such as the Gazette series could receive.”

UK plans to create 'freeports,' cut taxes

British finance minister Rishi Sunak is preparing to introduce sweeping tax cuts and an overhaul of planning laws in up to 10 new “freeports” within a year of the UK's becoming fully independent from the European Union in December, the Sunday Telegraph said.

Sunak will open the bidding for towns, cities and regions to become freeports, which would place them outside UK customs territory, in his autumn budget later this year, the newspaper said, citing a copy of the plans it said it had seen. Sunak plans to confirm the successful bids by next spring and introduce major tax and regulatory changes in those areas at next year’s budget, the Telegraph added.

They include research and development tax credits, generous capital allowances, cuts to stamp duty house-purchase tax and business rates, and local relaxations of planning laws.

The successful bidders designated as freeports will ultimately be legally outside UK customs territory, with goods imported, manufactured or re-exported without incurring national tariffs or import VAT until they enter the rest of the economy.

The paper said the government believes the policy can transform ports into international hubs for manufacturing and innovation, with the economic and regulatory incentives designed to encourage firms to establish new factories and processing sites in the areas.

In a second wave of measures, customs duties, import VAT and national insurance contributions would be cut from April 2022, the paper said, making the freeports fully operational within 18 months of Britain's departure from the EU customs union and single market.

Coronavirus: Councils to send bailiffs to 'recover' rates from struggling businesses

Councils have started drafting in bailiffs again to secure unpaid business rates from struggling firms, days after chancellor Rishi Sunak set out the latest phase of the government's plan to protect jobs.

Bailiffs had been put on hold from enforcing the collection of outstanding business rates from troubled businesses after the COVID-19 lockdown was brought in on 21 March.

However, they were given the go-ahead to restart enforcement action from the start of July, in a move which could pile further pressure on struggling high street firms.

Bailiffs are instructed by councils once a liability order has been obtained in magistrates' court to collect outstanding business rates, and will be able to enter businesses to seize goods and sell these at auction to settle the debt.

Derby city council, one of the councils to have resumed enforcement, said it has "several thousand business ratepayers who are behind with their payments."

A spokesman for the council added: "The country is steadily moving out of lockdown and a decision has been taken to resume regular operation and to restart recovery actions again to help the city in its COVID-19 recovery effort."

The Civil Enforcement Association (CIVEA), the trade body for bailiffs, said last month that it had consulted the government on a "post-lockdown support plan".

Russell Hamblin-Boone, chief executive of the CIVEA, said: "Enforcement of public debt continues to be an important service to recover outstanding taxes and fines, which contributes to funding essential local services."

Around 310 non-domestic properties every working day were referred to bailiffs by local councils having fallen into arrears with their business rates during the 2018 to 19 financial year, according to estate adviser Altus Group.

Robert Hayton, head of UK business rates at Altus Group, said: "It begs belief that councils are essentially undermining the government's effort to stimulate the economy and does nothing to help the recovery.

"It is hasty and unhelpful to indiscriminately enforce tax debts right at the moment that businesses are making the first tentative steps to return to the new normal.

"Councils must allow time for these businesses to return to profit or risk triggering a wave of otherwise unnecessary business failures undoing the chancellor's plan for jobs."

It comes after figures compiled by the PA news agency revealed at least 150,000 jobs have been cut or put at risk at more than 60 major British employers during lockdown.

Millions of UK jobs still at risk from pandemic, business leaders warn

Chancellor urged to address concerns such as the end of emergency loans for companies

Millions of jobs in some of the UK's hardest hit sectors, such as retail, are still at risk despite chancellor Rishi Sunak's support for employers, according to business leaders and union bosses.

Executives had wanted the government to extend some of the programmes that have helped support companies through the pandemic, such as business grants, rates relief and the state guaranteed loan schemes that have seen banks lend £45bn to more than 1m businesses.

Adam Marshall, director-general of the British Chambers of Commerce, said that over the coming weeks the chancellor would also need to address the ticking clock on a number of other concerns — including the impending end of key business loan schemes.

Mr Sunak offered targeted support for hospitality and tourism but not retail or manufacturing, despite the many job cuts expected in those industries.

Business chiefs were also disappointed that there was not a blanket cut to value added tax, broader help with national insurance contributions or a cut in income tax.

Vivienne King, chief executive at Revo, which represents the retail property sector, warned that 3m retail jobs remained in jeopardy unless the government undertook "a fundamental review of business rates and direct financial support to underwrite rents".

Helen Dickinson, chief executive of the British Retail Consortium, said the support for employment and training in the UK was welcome but "it was disappointing that the chancellor did not extend [VAT cuts] to the retail industry and the 3m people it employs".

Jonathan Geldart, director-general of the Institute of Directors, said that many of its members would feel like the chancellor had "missed a trick". The job retention bonus offers "an off-ramp from the furlough scheme", he added, but "with cash so tight now, January may feel like a long way off for some businesses".

The IoD had hoped for broader-based measures to help companies ride out the crisis, "particularly for those who have so far fallen through the gaps of support schemes".

The manufacturing and automotive industries also expressed frustration at the absence of support and warned that more jobs were at risk without sector specific measures such as tax cuts as well as incentives to drive consumer spending.

The Society of Motor Manufacturers and Traders said it was "bitterly disappointing the chancellor has stopped short of supporting the restart of one of the UK's most important employers".

"Of Europe's five biggest economies, Britain now stands alone in failing to provide any dedicated support for its automotive industry, a situation that will only deter future investment," said chief executive Mike Hawes.

"Until critical industries such as automotive recover, the UK economic recovery will be stuck in low gear."

Paul Morris, chief executive of Addmaster, a developer of additives for the plastics industry, said it felt “like a lot of paper shuffling, rather than actual new proposals and more of a popularity parade than making the right choices to bring the UK out of this recession”.

Frances O’Grady, general secretary of the Trades Union Congress, the unions’ umbrella body, said the government needed to do far more to stem the “rising tide” of redundancies.

She called for extra investment in jobs across public services — including the 200,000 vacancies in the NHS and social care.

“And if the chancellor wants people to have the confidence to eat out, he should have announced a pay rise for hard-pressed key workers rather than dining out discounts for the well-off,” she said.

Len McCluskey, general secretary of Unite, the union, said the cut in stamp duty might well please “the better off with little to fear from this crisis”, but it was “no use to the tens of thousands of workers who have lost their jobs in recent weeks and the millions more we fear could follow them”.

Changes to VAT, National Insurance or Business Rates - what will Rishi Sunak’s summer statement target?

On Wednesday, the chancellor will attempt to shore up Britain’s economic recovery from coronavirus as lockdown controls are lifted across most of England.

But Rishi Sunak is facing a delicate balancing act while severe risks to public health remain.

Although expectations that this will be a blockbuster summer statement are being downplayed, here are some of the policy changes the chancellor is thought to be considering for this week’s economic update.

Furlough scheme

The government is preparing to scale down the furlough scheme from the end of this month. Currently, the programme funds 80% of employees’ wages but it will end entirely in October after being trimmed from August onwards.

As many as 9.3 million jobs have been furloughed at 1.1 million companies, at a cost to the exchequer so far of £25.5bn.

Hospitality industry leaders have called for the government to extend support to the sector for longer, while Anneliese Dodds, Labour’s shadow chancellor, has demanded that Sunak ditch a “one-size-fits-all” wind-down of the scheme and provide targeted sectoral support.

The Resolution Foundation thinktank has suggested the chancellor use Wednesday’s address to turn the furlough scheme into a job creation programme, which would subsidise the wages of workers in the most heavily affected sectors – such as aviation – until at least the end of next year.

However, the Treasury is understood to dislike a sector-specific plan, as it would be difficult to administer and could be seen to favour some industries over others.

Tax cuts

Sunak has come under pressure to announce a cut in the rate of VAT from the current level of 20%, to help boost consumer spending and support households that have experienced reductions in incomes during the crisis.

Such a move would be straight out of the Treasury playbook for handling recessions. In 2008, an emergency VAT cut by the Labour chancellor of the time, Alistair Darling, drove up retail sales by about 1%, helping the economy recover from the financial crisis. Darling cut VAT from 17.5% to 15%, at a cost to government of £12.5bn.

Sunak’s predecessor, Sajid Javid, has said that the Treasury should be thinking about a three-percentage-point cut to 17%, which he said would cost about £21bn.

However, economists argue that the main barrier to people spending right now isn’t price. Some households have been able to save money while being confined at home during lockdown, meaning there is sufficient pent-up demand for spending in future. A bigger driver for a rebound in sales might be greater confidence in the diminishing health risks posed by Covid-19.

However, there is speculation that the chancellor could cut VAT for specific sectors, such as hospitality and leisure, that would help to cushion the blow from having to remain closed for longer.

Boris Johnson announced last week that the government would introduce an “opportunity guarantee” for young people, giving every young adult the chance of an apprenticeship or an in-work placement. Sunak will be expected to flesh out the bones of this promise on Wednesday.

It is likely that there will be an offer announced by the chancellor to subsidise workers’ wages at companies taking on new staff or preserving existing employment.

Business leaders are urging the chancellor to cut employers’ national insurance contributions (NICs). According to research from the Institute for Employment Studies, NICs are the single largest non-wage labour cost faced by employers. The IES says that the current system represents a tax of 13.8% on earnings above £8,788 a year, adding about £2,400 to the cost of employing someone on an average wage.

Sunak could raise the threshold at which employer NICs are made across the board. An alternative could be to tailor the measures to specific age groups – for instance by exempting those under 30 to boost employment opportunities for young adults.

Business rates

The chancellor could tweak the system of business rates, which brings in about £30bn for the Treasury each year, by levying taxes on companies based on the value of the buildings from which they operate.

Industry groups have called for the business-rate “holidays” granted to retail, leisure and hospitality firms during the coronavirus crisis to be extended to other companies.

Sweeping changes are unlikely to be made on Wednesday, before a promised “fundamental review” of business rates due in the autumn, meaning exemptions or grants for some companies are more likely at this stage.

The system has been repeatedly earmarked for reform, with calls for it to be replaced with an online sales tax, to account for the fact that e-commerce powerhouses such as Amazon have comparatively low business-rates bills because they operate from warehouses and not a chain of high-street sites.

Business calls on Chancellor for stability and certainty in economic statement

Exclusive: More than 120 UK businesses are asking for a VAT reduction and other measures

Small and medium-sized enterprises (SMEs) throughout the UK will tell the Chancellor on Monday that they do not want handouts but do want him to give them certainty and stability when he updates the nation on the state of the economy on Wednesday.

In an open letter to Rishi Sunak on behalf more than 120 UK SMEs the accountancy firm Blick Rothenberg has outlined six key demands.

The letter calls for a reduction in VAT to at least 15 per cent for a two-year period, support for employee costs with grants for training and a reduction in national insurance to 10 per cent, and a reduction in business rates.

The SMEs are also requesting enhanced tax measures and relief to support greater capital expenditure and innovation, government-supported credit insurance for up to two years, and the reinstatement of the entrepreneurs' relief lifetime limit to £10m.

The letter to Mr Sunak states: "It is vital that you listen to the voice of SMEs that make up over 99.9 per cent of the UK business population."

Milan Pandya, a business advisory partner at Blick Rothenberg, said: "SMEs are crying out for government to create a medium-term stable environment for all – businesses and households. This would generate clarity and confidence to allow strategic decisions to be made."

Brexit still high on the agenda

The survey revealed that while Covid-19 had caused extreme concern and uncertainty this was still being matched by uncertainty over Brexit, with 75 per cent of companies asking for trade deals to be agreed with both EU and non-EU countries to provide a clear landscape for businesses over the next two years.

Mr Pandya added: "It is asking too much of business to continue to take risk and also invest for the medium term whilst there is so much uncertainty. Although it will come as no surprise that the health and economic impacts of Covid-19 continue to cause extreme uncertainty, the ambiguity caused by Brexit is also a real issue."

The survey found that half of respondents would not support a reduction in the rate of corporation tax. More than half of the businesses surveyed said that a loss of consumer confidence was the single biggest threat to their business.

The Federation of Small Business estimates there are 5.9 million SMEs in the UK employing 60 per cent of the entire UK workforce with 16.6 million staff.

UK hospitality industry calls for 'urgent' support

"Urgent" support is needed to prevent "widespread devastation", the hospitality sector has warned Prime Minister Boris Johnson.

Around 120 hospitality and tourism bosses have signed an open letter calling for aid and investment.

The industry wants to see VAT reduced, tax bills further deferred and some rent debt covered through grants.

Bosses say parts of the sector will not survive because some businesses remain closed, despite the easing of lockdown.

"Hospitality businesses operate with very high fixed costs and labour costs are the only flexible point to absorb this suppressed demand," the letter said.

"Many parts of the late night and leisure economy, as well as activities such as events and conferencing in our hotels, have no provisional date for reopening and this is impacting confidence and undermining job security."

Labour is calling for the government to create a £1.7bn "fightback fund" to prevent firms in the hospitality industry and on High Streets from going under.

It wants ministers to give councils more flexibility to tailor support for their local economies and better focus funds on struggling businesses, such as hotels and cafes in coastal communities, as well as conference centres and music venues in towns and cities.

The Treasury said the government's job retention scheme had protected 9.2 million jobs, adding that the Chancellor, Rishi Sunak, had announced a business rates holiday specifically for businesses in the retail, hospitality and leisure sectors.

Bosses claim that the hospitality and tourism industry have been hardest hit by the crisis, compared to other sectors. They also argue that the impact is likely to last longer than in other sectors, due to social distancing rules, restrictions on business events and lower demand from international tourists.

Recovery help needed

"Sales across the sector are expected to be 56% lower than last year, reducing revenues by £73.4bn and half of businesses do not expect to reach break even until the end of next year," the hospitality industry warned.

Trade group UK Hospitality says it is "confident" that the industry can return to full strength and still be able to operate safely and responsibly, but it will require help from the government to enable businesses to "restart and begin to recover" over the remainder of 2020 and into 2021.

To that end, bosses have outlined a set of recommendations for the government, which include:

- Automatically extending the deferral of all tax liabilities that are due in July
- Providing a grant to cover a proportion of rent debt during closure, reopening and recovery
- Temporarily reducing VAT to 5% for tourism services
- Extending furlough for hospitality businesses to protect jobs
- Doubling the employer National Insurance contributions threshold to protect a return to part-time work
- Extending the hospitality business rates holiday to March 2022

The hospitality industry stressed in the letter that the sector has a record of creating new jobs following a crisis, and that it can be trusted to do it again, with help from the government.

"In the decade that followed the financial crisis hospitality consistently created around one in six new jobs thanks in part to the VAT cuts and investment in youth employment and training introduced in the immediate aftermath," hospitality bosses wrote.

"We can do so again. Physical hospitality cannot be replicated digitally online, in the same way that some form of retail can be. We therefore urge you and your colleagues across government to work with us to stimulate demand and support the sector's recovery."

A fifth of Londoners would pledge 10% council tax to fix the nation's roads

As an influx of people once more take to our roads to make more non-essential journeys, the importance of well-maintained road networks will once again be thrust into the limelight. Amidst political rhetoric of investment into local economies, and the threat of bankruptcy looming over 150 local authorities, Londoners stand united with their local government more than ever before. Roadmender Asphalt, a Sheffield-based road repair SME has commissioned nationally representative research that explores the British sentiments towards financing local governance.

The research revealed that 19% of people in London in the study said that they would now support their council tax bill to increase by 10% in order to provide financial assistance for road maintenance. Across the country, this move could raise a potential further £2.5 billion for pothole refilling in England alone.

One of the key services and provisions provided by councils is the maintenance of road networks, ensuring the safety for millions of daily road users. As the lockdown period eases, the Department for Transport has announced that cycling will play a significant role in how Government envision the future of commuting. The study has shown that 63% of Londoners would rather cycle or drive in to work now than take public transport due to the COVID-19 risk.

In light of a new influx of road users each morning, hoping to avoid public transport, it is more important than ever that councils expand on the brilliant work they do to ensure potholes and road defects are addressed quickly, maintaining safety on the roads.

The study has also highlighted that 37% of Londoners have cited that driving is the most stressful part of their day due to the quality of roads. Further financial injections to assist the respective councils will, therefore, help a great deal to entice commuters to use the road networks in light of Coronavirus and beyond.

Harry Pearl, CEO of Roadmender Asphalt, sheds a light on the importance of innovative thinking led by councils that is helping to transform the efficiency of road repairs.

"After a decade of austerity, councils have naturally gravitated towards innovation and have helped launch R&D hubs, working with innovative SMEs. Together, SMEs and councils have started to ask why are pothole repairs filled with the same materials made to build roads, when they can fill potholes with materials made specifically for the job, that may prove to be significantly more efficient and cost-effective.

Experienced by councils up and down the land, the problem with pothole repairs is they are carried out using a process built around materials designed for building roads rather than fixing them. As a result, the process is more costly, inefficient and ineffective than it needs to be, rather like playing squash with a tennis racquet. You can do it but it's far from ideal."

Pub owners say tax reductions are needed to keep industry afloat

Pub owners have called for greater tax reductions to help their businesses survive as many resume trading for the first time since lockdown.

Industry leaders said further financial support, including cuts to beer duty and VAT, was needed to help pubs and breweries stay afloat over the coming months.

Their call comes ahead of the Government's summer statement on Wednesday, where Chancellor Rishi Sunak is due to outline plans to support the UK's economy.

Wetherspoons chairman and founder Tim Martin said “tax equality” was needed if pubs and restaurants were to “survive and thrive” in the future.

He told the PA news agency: “Supermarkets pay almost no VAT on food sales and pubs pay 20%.

“Without equality the price gap between pubs and restaurants and supermarkets will continue to grow so that ‘on-trade’ becomes more and more uncompetitive.”

The national chairman of the Campaign for Real Ale (Camra), Nik Antona, said he would like to see the Chancellor reduce beer duty – the tax on producing and selling beer – for the “on-trade”.

Mr Antona said: “He could reduce the duty on the on-trade and make beer cheaper in pubs than it is off-site, in supermarkets, and therefore reinvigorate the industry.

“It would bring people back to the pub and stop them drinking at home.”

Mr Antona issued the call for action to help pubs as he enjoyed a post-shutdown pint at his local, the Royal Oak in Barton-under-Needwood, Staffordshire.

The pub’s licensee, Steve Boulter, agreed that the move would have a massive impact.

The landlord told PA: “Having had three months of all being on canned beer, which is a pound a can, you do think: ‘Will people come back?’ when it’s three or four pounds a pint.

“I agree with Nik. Pricing makes a big difference so it needs to be the other way round – cheaper in pubs and a bit more expensive in the supermarkets.”

Customers were allowed back into pubs in England for the first time in more than three months on Saturday as coronavirus lockdown measures were further eased by the Government.

But British Beer and Pub Association chief executive Emma McClarkin said the sector would not be making a profit “for some time”.

She said the industry was already in a “precarious” situation prior to the Covid-19 pandemic, and that 18,000 pubs could close by the end of the year without further support.

Ms McClarkin told PA: “If we don’t deal with what were underlying causes of problems stunting our growth – like the beer duty, like huge business rates bills – if we don’t see business rate reform, if we don’t see support for businesses up and down this country, then there is going to be serious issues.”

VAT, NICs … what will Rishi Sunak’s summer statement target?

The chancellor is hoping to boost a British economy emerging from lockdown. Here is how he might do it

On Wednesday, the chancellor will attempt to shore up Britain’s economic recovery from coronavirus as lockdown controls are lifted across most of England. But Rishi Sunak is facing a delicate balancing act while severe risks to public health remain.

Although expectations that this will be a blockbuster summer statement are being downplayed, here are some of the policy changes the chancellor is thought to be considering for this week’s economic update.

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Such a move would be straight out of the Treasury playbook for handling recessions. In 2008, an emergency VAT cut by the Labour chancellor of the time, Alistair Darling, drove up retail sales by about 1%, helping the economy recover from the financial crisis. Darling cut VAT from 17.5% to 15%, at a cost to government of £12.5bn.

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However, there is speculation that the chancellor could cut VAT for specific sectors, such as hospitality and leisure, that would help to cushion the blow from having to remain closed for longer.

Job creation

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Reality Prevails in the Rating Valuation World

The Court of Appeal has refused permission to the Valuation Office Agency to appeal a ruling in favour of Exeter City Museum over the rateable value of the city’s Grade II listed Royal Albert Memorial & Art Museum.

Cooke & Arkwright director Jane Shankland's article of 16th January reported the Upper Tribunal (Lands Chamber) decision in the case of Stephen G Hughes (Valuation Officer) and Exeter City Council. The Upper Tribunal had upheld the Valuation Tribunal England’s (VTE) decision that the rateable value of Exeter museum should be £1 with effect from 1st April 2015.

Rating practitioners welcomed the decision which brought a sense of reality to the valuation of grand, listed civic buildings. Finding that these types of properties should be valued adopting the receipts and expenditure basis rather than the contractor’s method, which is based on rebuilding costs and produces valuations which are manifestly too high. The R&E method reflects the fact that these types of properties are largely non-profit making and rely on significant deficit funding.

Jane commented “The refusal by the Court of Appeal to allow the Valuation Office Agency a further appeal is great news for our local authority clients. We now have a green light to progress the many outstanding museum rating appeals we have lodged. The decision also has potential application for other public buildings which we are keen to explore”.

Millions of UK jobs still at risk from pandemic, business leaders warn

Chancellor urged to address concerns such as the end of emergency loans for companies

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Executives had wanted the government to extend some of the programmes that have helped support companies through the pandemic, such as business grants, rates relief and the state guaranteed loan schemes that have seen banks lend £45bn to more than 1m businesses.

Adam Marshall, director-general of the British Chambers of Commerce, said that over the coming weeks the chancellor would also need to address the ticking clock on a number of other concerns — including the impending end of key business loan schemes.

Mr Sunak offered targeted support for hospitality and tourism but not retail or manufacturing, despite the many job cuts expected in those industries.

Business chiefs were also disappointed that there was not a blanket cut to value added tax, broader help with national insurance contributions or a cut in income tax.

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Independent UK Coworking spaces Urged to Bank Together

The UK Coworking Assembly has launched the campaign #SaveOurLocalCoworking to secure economic relief for independent coworking operators.

- Coworking spaces are feeling the financial strain due to limited income exacerbated by reduced capacity and lease commitments.
- In the UK, most coworking spaces are ineligible for emergency funding.
- The UK Coworking Assembly has launched the campaign #SaveOurLocalCoworking to secure economic relief for independent coworking operators.

Like many other nations around the world, UK businesses are slowly reopening as lockdown restrictions are lifted. It's a welcome and positive change, but things are far from normal.

Businesses are still reeling from the shock of the past three months, and coworking spaces in particular are feeling the financial strain. With limited income exacerbated by reduced capacity and in most cases, pressure from landlords to keep up with lease payments, coworking spaces are in a tight squeeze.

Worse, coworking spaces are not receiving business rates relief and due to classification details, most are ineligible for emergency funding.

A campaign by the UK Coworking Assembly to lobby government, #SaveOurLocalCoworking, is fighting to secure economic relief for the UK's hundreds of independent coworking hubs.

Now the campaign needs more voices to make sure the message hits home.

Shazia Mustafa, founder and CEO of Third Door in London, is a member of the Assembly as well as the Mayor of London's Workspace Advisory Board. Alongside other members she is working to bring about urgent change to save the UK's independent spaces from closure.

"Coworking spaces aren't getting business rates relief, but we've still got costs," she said in a call with Allwork.Space. "Landlords aren't willing to provide payment holidays and I'm still receiving invoices for the rent, even though our business hasn't made any money over the past few months."

Third Door reopened last week, but with limited capacity. "We've had to physically distance everyone and reduce the number of people we allow in. We've also had to make a significant investment in screens, sanitizer stations, paper towels and cleaning, and there might be much more to pay for depending on what happens next."

Another part of the financial squeeze comes from a lack of business rates relief. In most cases coworking spaces are missing out on these grants due to mis-classification and government 'blind spots'.

Some spaces with a hybrid model, such as those with a hybrid model, such as those with a hospitality element, have been able to receive rates relief for the non-coworking side of the business. Third Door has been able to apply for rates relief through its nursery business. But even this is still pending, and according to Shazia, nothing has yet been confirmed.

This, she says, is why the coworking industry needs a unified voice.

“We need more people onboard to make our voices heard,” she said.

“Our spaces are so valuable to local communities and small business owners. A louder voice will show the government how important our coworking spaces are, and in return we’ll get the support we need to see us through.”

#SaveOurLocalCoworking is pushing for three main outcomes to enable coworking spaces to survive:

- A 12-month Business Rates Relief and for the Small Business Rates Grant not to be based on the Rateable Value of Business Rates;
- Extension of the Retail, Hospitality and Leisure Grant (RHLG) scheme to community-based open workspaces – allowing local authorities to apply discretion in favour of open community workspaces that they know to provide positive social impact;
- Consider direct applications from applicants they have had no previous contact with. No upper limit should be applied in terms of rateable value.

SCOTLAND

Betting industry: Give us business rates relief or jobs will go

Betting and Gaming Council says independent operators will suffer if Scottish Government does not mirror English treatment

Bookies have asked for a business rates relief scheme to be extended to the sector amid fears stores could be forced to close their doors for good.

The Betting and Gaming Council (BGC) has called on the Scottish Government to follow the example of the UK Government and make betting shops eligible for rates relief.

John Heaton, the boss of Scotbet - which has around 30 stores in Scotland - said the decision not to allow bookmakers to claim business rates relief will cost his firm £400,000 at a time when takings are already down because of the coronavirus pandemic.

He said: "We feel very frustrated that we haven't had the financial support independent bookmakers in England and others in the betting and gaming sector here in Scotland have received.

"The sums involved are not material to the large bookmakers but, for us, it is about survival.

"The likely impact is that the independent sector will die and the big bookmakers carry on regardless, grateful that their independent competitors have been removed for them."

The move comes ahead of the lifting of some restrictions imposed on bookmakers when they reopened.

Initially stores were not allowed to have chairs, gaming machines or show live races - with the BGC saying this contributed to a fall in turnover of 95% compared to pre-lockdown in some stores.

BGC chief executive Michael Dugher said it is "delighted" the restrictions are being lifted from Wednesday July 22.

He added the organisation is now calling on ministers to "apply the business rates relief and grant support that others in our industry have received to betting shops".

Dugher said: "These businesses employ thousands of men and women across Scotland and they deserve their Government's full support now that they are back at work.

"If they don't get it, many will sadly lose their jobs as their shops are forced to close. The Scottish Government needs to pull out all the stops to prevent that from happening and ensure betting shops can play their part in getting the economy back on its feet."

Holyrood adviser Professor John Kay wants to extend rates holiday on hospitality

One of Nicola Sturgeon's key economic advisers has called for a radical overhaul of the hospitality and tourism sector in Scotland, including exempting the industry from business rates for the foreseeable future.

Professor John Kay said the exemption for tourism-related businesses would allow them to recover from the impact of the pandemic and enable the sector to increase its contribution to Scotland's economy, as well as combat the sharp spike in Scottish unemployment.

Kay, who served on the Scottish government's economic recovery group, chaired by Benny Higgins, said: "To get people into jobs, you need hospitality companies to stay in business, so you need to find a way of giving money to the sector. More business rates holidays would help. It's the only tax area where Scotland has relevant powers. We need something creative to help the hospitality sector. It's an important industry for Scotland, one that generates a lot of jobs."

Higgins's report on the economy, which received a lacklustre response from business, singled out tourism as a key sector for Scotland's future growth, but ignored the issue of reducing Scottish business rates to help companies recover from the pandemic. Kay, one of the UK's most eminent economists, has also served on the first minister's Council of Economic Advisers and is a member of the Scottish government's standing council on Europe, established to advise Sturgeon following Brexit.

Official figures state the value of tourism to Scotland's wider economy is £10.5bn.

Holyrood has committed to retain the rates exemption for the industry until next year, when it will be reviewed. A spokeswoman said: "We are continuing to work with the tourism and hospitality sector and our visitor economy agencies to explore how we progress towards a safe and strong recovery for the sector."

Reader's Comment:

"I assume Mr Kay realises what a mess the current business rates arrangements are for a vast number of hospitality businesses? Thousands of appeals were lodged with local authorities, all across Scotland, following the sea-change in how rates are calculated, as introduced without warning by Derek McKay, the former Cabinet Secretary for Finance back in 2017. This issue has gone largely unreported in the media. Virtually all of these appeals remain unresolved and pending enquiries. The whole system needs a thorough overhaul and no doubt that will take many months or probably, years, to introduce. Meanwhile, any relief on business rates will be very welcome throughout an industry which is much more important to the Scottish economy than it is given recognition for. This is particularly the case in our rural areas where some small businesses are paying higher rates than their equivalents in urban areas. Despite the challenges it has faced over recent years, the Tourism & Hospitality Industry has continued relentlessly, coping with huge changes in the nature of tourism and dealing with ever-changing regulation. They have survived mostly because the majority of these businesses are small, family-run and

need/must survive. They also provide crucial, indirect support for many other local food & drink producers, local trades of every kind, plus their wider rural and urban communities. I hope, beyond measure that Mr Kay's advice will be accepted. Scotland's economic future will be lost without its Hospitality."