IPTI Xtracts

Property Tax and Assessment News from Around the World

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Boris Johnson considered bombshell tax hikes for Britain's super rich

Coronavirus has brought large parts of the economy to a standstill, and the government has had to spend billions to support workers, businesses and the NHS. On July 9, Chancellor of the Exchequer Rishi Sunak delivered an economic update on the next stage of the Government's plans to rebuild the economy. He announced a package worth up to £30billion, which included plans to protect jobs, help younger workers and encourage spending.

It is not clear how big the final bill will be until after the crisis is over. However, Downing Street will certainly have to borrow unprecedented amounts of money.

According to the Office for Budget Responsibility (OBR), for the current financial year (April 2020 to April 2021), it could be anywhere from £263billionn to £391billionn.

Before the crisis, the government was expecting to borrow about £55billionn for the whole financial year, but it borrowed £128billionn in the first three months alone.

According to The Telegraph, Treasury officials are pushing for the largest tax rises in a generation to plug the gaping holes in the public finances, in a move being resisted by Downing Street.

The proposed quintuple whammy of tax increases would enable the Exchequer to raise at least £20 billion a year, and some could be introduced as early as in the Budget.

While no decision has been made, multiple sources have told the publication that proposals under active consideration include aligning capital gains tax (CGT) with income tax, slashing pension tax relief, raising fuel and other duties, the introduction of an online sales tax and a simplification of the inheritance tax system.

Moreover, according to unearthed reports, Prime Minister Boris Johnson might consider raising council tax for the super rich.

In March, Mr Johnson shelved plans to impose a “mansion tax” on owners of expensive homes, following a major backlash among Conservative MPs and grassroots.

The Prime Minister is understood to have "cooled" on the idea of including a new "high value property tax", having previously discussed the proposals with Sajid Javid while he was still Chancellor.

The Sunday Telegraph disclosed the Treasury also wanted to announce a nationwide revaluation of homes, which would have left millions of families with higher council tax bills.

However, neither policy featured in the budget delivered by Rishi Sunak, Mr Javid's successor.

Mr Johnson reportedly backed away from the proposal for a “recurring” wealth tax, after the plan sparked fury among senior Tories.

It was not the first time the Prime Minister had considered the idea, though.

According to a throwback report by The Telegraph, in 2014, the former Mayor of London said he was open to proposals for new council bands to ensure the richest property owners paid more tax.

He singled out “Russian oligarchs” and hit out at the low levels of council tax they paid for their “stuccoed schloss” in upmarket parts of London.

New council tax bands had previously been suggested by the Liberal Democrats, but Conservatives repeatedly rejected the calls.

Mr Johnson said he was “by no means an advocate” for Lib Dem proposals for a mansion tax on Britain’s most expensive properties.

However, his comments appeared to represent a U-turn for the former Mayor, who had repeatedly rejected calls from other parties to increase taxes for the rich.

Speaking to MPs on the Communities and Local Government Committee on the subject of devolving more powers to London, Mr Johnson said: “If you compare what a Russian oligarch is paying on his stuccoed schloss in Kensington in annual council tax compared to what such a gentleman might be asked to pay in Paris or New York or anywhere else it is quite stunning.

"I’m by no means an advocate of a mansion tax. In fact, I vehemently oppose such an idea but we cannot go on forever without looking at our council tax valuations.”

Mr Johnson said for many homeowners, council tax payments could have gone down if new bands were introduced.

Asked if he would support new council tax bands, Mr Johnson said: “I think that’s the kind of thing you need to look at.

“There’s a reason this hasn’t been done. It’s because it’s very difficult and very unpopular. But that doesn’t mean that it’s not the right thing to do.”

Earlier that year, Mr Johnson had rejected plans by Ed Miliband and Ed Balls to restore the 50p rate of tax, accusing them of trying to “bash the rich”.

He said: "They cannot bring themselves to accept that these business people are moved by the forgivable desire to make money — and that if you allow them to keep a slightly bigger proportion of their earnings, the evidence is actually that they will go out and make more."

In 2012, he also rejected any plans for a mansion tax proposed by former Lib Dem leader Nick Clegg, as well as "the idea of a mansion tax by the back door".

He said at the time: "The idea of a mansion tax is crazy. The idea of a mansion tax by the back door through vastly inflated council tax bills is nonsense.

“These taxes will disproportionately hit London and Londoners, penalising people simply because of circumstance, trapping people who in many cases are cash poor."

Treasury says widespread evasion and avoidance of business rates eating into £25bn a year raised through the tax

Widespread evasion and avoidance of business rates is eating into the £25billion a year raised through the tax, the Treasury has said.

Some unscrupulous firms pretend to be charities while others falsely declare that their properties are empty.

The key target for those abusing the system is the near-£5billion of reliefs granted to businesses. The Government has expanded support for some companies through rate reliefs during the coronavirus crisis.

It was already consulting on possible reforms to business rates. The tax has been long criticised for rising more rapidly than inflation.

In its consultation document issued last month, the Treasury wrote: 'There is evidence that some ratepayers are avoiding paying rates through the misuse of reliefs, particularly empty property relief.'

Some owners are granting leases on vacant properties to charities and are claiming that the properties will be used for charitable purposes when next in use.

The exemption for insolvent companies has been misused by leasing properties to dummy firms that are later declared to have gone bust.

Other owners claim rate relief on multiple properties in contravention of legislation.

The Treasury could not put a figure on the total amount of money lost, but said: 'The fundamental review of the business rates system will consider how the system can be made more robust to abuse.'

London West End retailers pitch for help in tempting back shoppers

A downturn deeper than in other districts drives pleas for free transport and a longer business rates holiday

Retailers in London's central shopping district are calling for more government action to help them weather a Covid-19 slump in sales that has proved longer-lasting than in other cities and towns.

Among the ideas put forward by businesses that trade on and around Oxford Street, Regent Street and Bond Street include allowing EU shoppers to claim VAT refunds, extending the business rates holiday and making public transport free to encourage day trippers and office workers to return.

Although there has been an improvement in recent days, visits to the UK's premier shopping streets are still way down on pre-Covid-19 levels. Data from Springboard, a consultancy, showed that "footfall" in central London rose 12.7 per cent in the week to August 22 compared with the week before.

But it was still 62 per cent below the same week a year ago, a notably larger shortfall than the 50 per cent decline registered in regional cities and much more than the 30 per cent fall in outer London.

“We’ve been really disappointed by traffic in the West End,” said Brian Duffy, whose Watches of Switzerland group operates luxury stores on both Oxford and Regent streets. “We thought it would be better.”

Much of the shortfall is attributed to a decline in tourist arrivals. According to the New West End Company, which represents 600 businesses, the area depends on overseas visitors for half of its £10bn of annual revenue.

NWEC’s chairman, Peter Rogers, has written to the government calling for the tax-free shopping system to be extended to visitors from EU countries once the UK’s transition period ends in December. The letter has been signed by over 70 executives, including retail groups ranging from Harrods and Selfridges to H&M and Debenhams.

“It is clear that the slow recovery of international visitor numbers will be led from Europe as traditional long-haul markets are slower to recover,” said Sir Peter, who suggested that immediate revenue losses to the government would be more than made up by additional economic activity.

Most businesses think tourist numbers will not recover in earnest for at least six months. A more immediate challenge is to increase the number of white-collar workers coming into offices rather than working at home, something the government is campaigning to encourage from this week, amid concern that city centres could be permanently scarred by the Covid-19 pandemic.

“Even two days a week would make a huge difference,” said Brian Bickell, chief executive of Shaftesbury. The property group owns 15 acres of commercial property in and around Chinatown and Carnaby Street.

Jace Tyrrell, chief executive of New West End Company, said transport was a key factor. “People tell us they feel safe in West End shops and offices but they are reluctant to take public transport.”

Mr Tyrrell said offering a “first trip free” on public transport could help tempt people back. “The first trip is a bit like ripping a Band-Aid off but after that people will feel more confident.”

Ewan Venters, the chief executive of upmarket food emporium Fortnum & Mason, said that transport was one area where officialdom “could make a big gesture” akin to the Eat Out to Help Out scheme.

“I’d like to see [Transport for London] offer free London transport for September, October and November. It would send a strong message that we have got the network up and running and we want to see you out and about.”

He and others also said that the messaging from both the government and the mayor needed to improve. “The narrative today is that the virus is still out there. If I shouldn’t have gone to work in March why should I go in now?” said Mr Duffy.

Fully reopening theatres and galleries, alongside restaurants and retail, would also help. “The West End will not truly recover until theatres and galleries have reopened,” said Mr Venters. “They play a huge role in the overall ecosystem”.

Many retailers accept that Christmas, when most of their annual profit is made, is likely to be a muted affair and are already eyeing next March, when the year-long holiday from business rates comes to an end.

“The government needs to think long and hard about an extension to that because business is not going to be back on its feet by Easter next year,” said Mr Bickell.

The property levy, based on 2015 rental values, is widely loathed by retailers but its impact is especially acute in London — the annual business rates bill for Selfridges’ Oxford Street store alone is £17m.

“We are currently being crippled by rents and business rates disproportionate to turnover,” said Thierry Andretta, chief executive of luxury goods retailer Mulberry.

Mr Tyrrell described the system as “totally broken” and said the government should consider extending the holiday for international centres such as London or Edinburgh, where visitor numbers are still demonstrably lower.

“We think there are around 200 businesses that will either downsize or leave if rates are not resolved,” he said.

The government has pledged to review business rates but, without any further mitigation, retailers will be paying elevated bills until the next revaluation in 2023.

In the longer term, the West End’s challenges remain much as they were before the pandemic: improving air quality, access and cleanliness. Many are hoping that the much-delayed opening of the Elizabeth Line, crossing from west-east under London, will bring in more domestic visitors and reduce reliance on tourism.

But Mr Bickell does not believe that Covid-19 will mark the end of such urban centres. “The West End is unique in terms of the features it offers and things that make it work,” he said. “It will still have that buzz and magic.”

New 'Household Tax' could replace BBC TV Licence - and no one would be exempt

BBC director-general Tony Hall, who steps down on Friday, said the compulsory tax could also be added onto existing household bills such as council tax to help clamp down on evaders

TV Licences could be replaced by a new 'household tax' that would include council tax bills and be mandatory for everyone, a top BBC boss has warned.

BBC director-general Tony Hall, who steps down on Friday, said the broadcaster should consider all options for reform - including rolling the charge into council tax when the current contract ends.

It comes amid huge controversy over the BBC's decision to scrap free TV Licences for pensioners, more than a decade after the benefit was first introduced.

In his exit interview with The Media Show on Radio 4, the boss said that progressive alternatives to the TV Licence were "interesting" and "should be looked at".

He suggested the fee could be an extra charge on existing household bills such as council tax, meaning the BBC wouldn't have to spend time cracking down on evaders.

The licence fee is currently guaranteed until 2027, but the government has indicated that a new funding system will be required when the contract ends.

In February, Culture Secretary Nicky Morgan said the government was determined to bring the BBC back into the 21st century by looking at decriminalising licence fees and scrapping them altogether.

In the interview, Hall agreed that Germany's household tax, which all homes must pay even if they don't own a TV, radio or smartphone, might make more sense than the TV Licence.

He said: "I think finding ways in which the licence fee can be charged progressively so those who can afford to pay more and those who can’t afford to pay less, should be looked at."

"Should it be collected in a way on household bills, council tax bills, to cut down the cost?

"We’ve got until 2027 to work out a fair way of funding the BBC and what is an appropriate way of funding the BBC."

Senior aides to No10 earlier this year called for the TV Licence to be scrapped and replaced with a subscription service, according to reports, though Hall is against this notion.

He added: If you want to have something good, a public service available to all, then that has to be funded by all, not by subscription or behind some paywall."

Tim Davie, a former head of BBC Studios, the commercial arm, takes over as director-general after Hall.

A spokesperson for the Department for Culture, Media and Sport said it will consider options for licence fee reforms in due course.

Hard-up High Street shops need fairer tax system to compete with Amazon, says industry figures

HIGH Street shops need a fairer tax system to help them compete against online giants such as Amazon, industry figures say.

Chains such as M&S, Debenhams and Boots have all announced huge job losses since the start of the pandemic.

The business rates system hits traditional retailers harder, with online-only stores not needing prime locations.

The calls come as ministers consider an online sales tax.

Demands are being made on Chancellor Rishi Sunak to change “outdated” business rates that leave shops with huge bills before they’ have made any cash.

Federation of Small Businesses chief Mike Cherry said: “It clobbers those with shop fronts and barely touches the out-of-town warehouses of online-only giants.”

He added: “Smaller, independent high street businesses are at the heart of their communities and remain on-trend with millions of savvy consumers.

“But to thrive into the future, they need a fairer tax system which is suitable for the digital era.”

The Chancellor introduced a business rates holiday until April for the leisure, retail and hospitality sector during the pandemic.

But British Retail Consortium chief executive Helen Dickinson said: “Government must ensure a more sustainable long-term tax system — avoiding retailers being hit by a sudden end to the business rates discount in April.”

Labour MP Chris Evans last night added: “The Government needs to act quickly to ensure the much-loved High Streets don’t turn into ghost towns.

“They need to ensure a level playing field between shops and online retailers.”

Business rates should be scrapped to help the high street

Business rates should be scrapped to help the high street survive, says Peter Kenyon, CEO of AIM-listed business Ramsdens.

When Peter Kenyon took charge of Ramsdens, which is probably best known for its pawnbroking services, he wanted to take the business away from the world of Mr Micawber.

“When I started in the pawnbroking sector it had a slightly Dickensian image,’’ he said. “The blinds were closed in the stores. One of the first things I did was open the blinds and make the shops bright and airy. They are now in the centre of the high street and not in the back street.”

He wants pawnbroking to remain out of the shadows as we prepare for the post-Covid 19 world. Mr Kenyon believes the sector provides an essential financial service, which is particularly valuable during periods of upheaval.

“Two per cent of the population use pawnbrokers,’’ he said. “If you use a pawnbroker you don’t need to be worried about debt and it doesn’t affect your credit rating.

“It is a very simple, transparent face to face service,’’ he added. “Most people pay their loans back. We can help while people are facing gaps in employment or short term problems with cash flow.

“We help to put food on the table. It gets customers through to pay day.”

As the CEO of AIM-listed business Ramsdens, Mr Kenyon employs 85 staff in 26 stores in Yorkshire.

Over the last financial year, Ramsdens served more than 930,000 customers and demand for its services is expected to grow as the world slowly returns to something approaching normality.

To Ramsdens, pawnbroking is very much a considered borrowing decision because the customer has to either post their goods or call in at a store. The firm offers new jewellery - gold, silver and diamonds - and has a premium watch offering including Rolex, Breitling and Omega.

Ramsdens’ empire also encompasses foreign currency exchange, which generates the majority of revenues.

At the start of the year, Ramsdens’ expansion strategy was steaming ahead into apparently untroubled seas.

“At the beginning of February, our trading was looking good going forward and we were planning to open 12 stores a year,’’ Mr Kenyon said. “Within five weeks we were closing 160 stores due to the pandemic. Now 151 stores are open.”

But how has the pandemic affected consumers’ behaviour?

“From a pawnbroking perspective, more people have repaid their loans,’’ he said. “The customer base hasn’t been spending money so they have more cash in their pockets.

“Retail has been positive. People still value and want to buy gold and premium watches. The biggest downturn has been in foreign currency; if people aren’t travelling we can’t sell foreign currency.”

The foreign currency element of the business will probably keep on suffering from turbulence until the global pandemic eases.

Mr Kenyon said: “There had been an upward trajectory until they quarantined Spain. It will step up as people travel more. You have got to be patient and be ready for when customers need the service.

“Altogether 690 out of our 750 staff were initially furloughed at the peak of the pandemic. Over 150 are still furloughed. The Government support for job retention has been really helpful. We paid all our staff in full from March to the end of July.”

Mr Kenyon is no stranger to troubled economic times. He became CEO of Ramsdens in 2008, as the world plunged into the chaos linked to the financial crisis.

He had joined Ramsdens seven years earlier, as operations director, after a 17-year career at Yorkshire Bank, where he participated in the bank’s management development programme.

He still values the knowledge gleaned at the bank, which allowed him to gain an insight into the workings of a wide range of businesses.

“Yorkshire Bank provided me with great experience,’’ he said. “Banking is a great background because it tells you about the cash flow of different businesses.”

Apart from making his shops feel less stuffy and secluded, Mr Kenyon also places the emphasis on discretion.

He added: “Another area that had to be addressed, in my opinion, was ensuring customers had more privacy.

“I didn’t want the type of counters where customers are cheek to cheek. I wanted to give them more privacy and that decision now also helps with social distancing.”

He is concerned about the long term viability of sections of the high street.

“High streets which have community centres will survive and thrive,’’ he said. “Places like the Moor in Sheffield are better occupied around the markets. Other places away from the centre are suffering from oversupply.

"To deal with these problems, I would do away with business rates. It would take a fixed cost away from any independent retailer looking to open a store.

“You could have a higher rate of corporation tax or a sales tax and you could have differential rates of a sales tax to level the playing field between online and the high street,” he said.

“We are taking a pause with the store openings until we get back to a new normality."

"We have to be in the nucleus part of a town. At a branch level the jobs are varied, you get great conversations with customers. You get to see them year in year out and that personal service is quite rewarding for staff.”

The pawnbroker of the 21st century has a spring in its step as it leaves the dark Dickensian stereotype behind.

Tax bills delayed due to pandemic; local taxing districts say they can weather the holdup

The Henderson County School Board will face a delay in setting its tax rates this year.

The subject came up during Monday night's regular meeting.

Superintendent Marganna Stanley asked Cindy Cloutier, the finance director, to update the board on the tax roll situation. (Stanley is sharing duties with incoming Superintendent Bob Lawson until Nov. 30 to help him transition into the role amid upheaval caused by the pandemic.)

"Usually, it's in August when the administration makes a presentation to you, but because of COVID, there's been some extensions," Stanley said.

Cloutier told the board that the state has granted a "60 day extension" due to the COVID pandemic.

"But the Property Valuations Administrator's office is hoping to cut that in half," she said. "He's hoping to have the assessments sent in by the end of September so we could get our certification. Hopefully, we can have it at the September meeting, but we only have 45 days from the day of certification to get those rates approved."

"Does that mean that the tax bills going out will have a delay as well?" said Lisa Baird, board chairwoman.

"They will. The city may be sending theirs out in November," Cloutier said. "So ours could be November or later."

In a later interview with Property Valuations Administrator Andrew Powell, he told The Gleaner that Secretary of the Finance and Administration Cabinet Holly McCoy-Johnson issued an order during the early days of the pandemic, providing for a two-month delay "in the property tax calendar."

The delay was due to the halt of in-person services at government offices for weeks during the COVID shut down.

"We usually finish up the real estate side of everything in May. (During that month) there is an open inspection period when people can discuss the assessment for that year. This happened in July this year.

"Our tangible personal property tax returns are usually due May 15, but this year it was delayed until July 15," he said.

"(The PVA offices) usually have a few months to make sure everything adds up, and we've given the different boards (health department, library board, school board) their tax rolls by the end of July. Then they can balance their tax rate by the end of August or so. Then each board has to have two readings to set the tax rates," Powell said.

The staff at the Henderson County PVA Office is working this week to make sure the real estate tax roll is "balanced," he said. "After that, the state Department of Revenue has to certify it. If we balance today (Tuesday), I'm going to ask for certification today. That usually takes a week to get certified. The Department of Revenue then sends me certification.

"Once that happens, I'll print out the actual tax roll and give it to the cities and the county. The school system won't see the actual tax roll, but they get a copy from Frankfort. They'll get their numbers to show them what their rates will be."

"We are trying to turn our end over as quickly as possible," Powell said. "But I'd say the tax notices won't go out until (all) local districts can get their rates set. Originally, they were saying tax bills won't go out until November, but we're doing everything we can to expedite that while being diligent and as careful as we need to be."

Powell said the COVID-related closures and economic fallout from the pandemic won't affect the tax rate calculations.

"The assessment date, according to the tax calendar, was Jan. 1. So the 2020 taxes are based on the value of things as they were on Jan. 1.

"And none of us knew on Jan. 1, that COVID would come into play," Powell said. The PVA association requested concessions from the government to even skip this year, but we've been told to proceed as normal. It's state law that taxes are assessed every Jan. 1."

A delay in tax bills means a delay in people paying taxes, and officials said it is ad valorem property tax revenue that provides significant financial support for some taxing districts.

"(Some) districts (across the state) will be hurting" by the delay, Powell said. "They (could potentially) run out of capital. It can be an awful cycle."

As for districts in Henderson County, school district officials told The Gleaner that a delay will not be critical, as long as the money eventually comes in.

"We still have revenue coming in through SEEK (Support Education Excellence in Kentucky) and through state and federal allocations," Cloutier said. "We just won't have our tax revenue coming in as early as projected. Our school year typically runs like this each and every year where we run until we get a large tax deposit in November.

"Our taxes being delayed a month or two will not affect us a great deal as long as we eventually receive them and as long as our other revenue sources continue as planned," she said. "We do have money in the bank to continue to operate as normal. A large percentage of our revenue comes from our state SEEK dollars as I mentioned, 52.3 percent, and 39.6 percent comes from our local revenue which includes property, vehicle and utility taxes."

Amber Potts, interim director for the Henderson County Public Library, said the board of trustees set its tax rate in June and approved a "flat" rate which is designed to bring in roughly the same tax revenue as last year.

"We have complied with Kentucky Public Library Association standards which state we should hold a few months of operating expenses in reserve," she said. "These reserves should help us maintain operations through a minor delay. If the delay becomes more significant, the trustees will revisit our FY 20-21 budget."

Clay Horton with the Green River Area Health District said the delay shouldn't adversely affect health departments.

"We get revenue from different places. We get state funding/federal funding, we bill for services ... so a couple of months delay probably won't affect us too dramatically," he said.

Horton said the health district has already set its rates, and didn't raise them. "They kept them the same" as last year.

Henderson County is in good shape as well, said Judge-executive Brad Schneider.

"We are in a good enough position right now that any temporary delay won't hurt us, given that eventually, people pay their taxes in full," he said. "We have enough cash on hand to weather that as long as it is just a few months."

For some counties, a few months delay will be difficult, he said.

"Speaking in generalities, July and August are usually lean tax income months. A month or two delay could really hurt some counties if they don't have reserve while they are waiting. Some municipalities may operate on a slim budget, but they still have to pay salaries, and they still have to pay the light bill so (a delay in revenue) can be a challenge."

The city of Henderson will also be able to cope with a delay in tax revenue.

Public Information Officer Donna Stinnett said, "City of Henderson Finance Director Robert Gunter indicated that the delay on assessments shouldn't have a major impact on city finances ... The Board of Commissioners has already passed the property tax ordinance (no change in rates), so it should be a quick process to load the assessments, calculate the bills and mail them once the assessments are received.

"(Gunter) said the deadline to pay the tax bills without penalties or interest will be adjusted once the length of the delay is known. Right now it's tentatively set for Jan. 19, 2021."

London office rents predicted to plummet 40%

Office rents in London are predicted to plummet by as much as 40% over the next year and a half, according to new data from Society of Industrial & Office Realtors (SIOR) and McCalmont-Woods Real Estate.

The research suggested that overall West End office rents are could nosedive from £94.88 sq/ft at the end of 2019 to £56.22 sq/ft by the end of 2021 – a 40.7% drop.

The prime West End office market is expected to fare slightly better, though rents are still expected to crash 38.9% from £115 sq/ft at the end of 2019 to £70.3 sq/ft by the end of 2021.

Overall City office rents over the same period are predicted to slump 34.35% from £58.81 sq/ft to £39.26 sq/ft while overall Midtown office rents are predicted to fall by 24% from £68.06 sq/ft to £51.62 sq/ft.

Overall office rent and prime office rent in the Docklands and South Bank market are also forecast to decline.

Nick McCalmont-Woods, chief executive of McCalmont-Woods Real Estate, said: “As occupiers adjust to the impact of Covid-19 on their businesses and scale back, delay or even shelve some office requirements altogether, we expect the pattern of rental decline from the 2008/2009 great financial crash to repeat itself and, if anything, it may be exacerbated further in the event that significantly more tenant/occupier controlled space is released back on to the market as businesses adopt new working practices in the long-term.”

Paul Danks, director at DeVono Cresa and president-elect of SIOR Europe, said: “As a result of the ongoing pandemic, we expect the lettings market to remain subdued compared with historical levels mixed with increased appreciation for flexible office space. This sudden increase in availability is already prompting a swing in the balance of power back towards the tenant.”

It's the worst I've ever seen': London’s West End struggles to bounce back

Shoppers and office workers are shunning UK cities with footfall in the capital’s once busy centre down by 63%

Mid-August should be boom time for central London. The streets would usually bustle with shoppers, workers and tourists, looking to spend their cash in the West End’s shops, restaurants and leisure attractions.

But not this year. Vast swathes of the capital’s streets that once hummed with traffic and pedestrians lie quiet. On Friday morning just a scattering of shoppers were browsing the heavily discounted summer clothes and shoes inside department stores such as Debenhams, John Lewis and Selfridges on Oxford Street, usually Europe’s busiest shopping street.

The picture is repeated in Birmingham, Manchester and other cities, as office workers and international travellers stay home, shoppers stay local and day-trippers escape to the country or the seaside.

This is felt nowhere as acutely as in London’s West End, a district with relatively few residents and which the vast majority of people usually commute into on public transport.

The Salisbury family from Abingdon, Oxfordshire, had ventured to the capital for a short city break to enjoy the tourist attractions without other tourists.

Parents Helen and Warren had taken their daughters Jasmine, 10, and Beth, 13, to the Tower of London and London Zoo. Both, they said, were “very quiet”. Reassured by the presence of hand sanitiser stations they felt their visit was “a risk, but a considered one,” said Helen.

But few are following their lead. Two months after the reopening of shops, footfall in London’s premier shopping streets – Oxford Street, Regent Street , Bond Street and Mayfair – remains stubbornly low. It is 63% below 2019 levels, according to figures produced this week by the New West End Company (NWEC), which represents 600 businesses in these top retail destinations.

“It’s the worst that I have ever seen,” said Jace Tyrrell, chief executive of NWEC, who has worked in the district for two decades.

The group warns that London's prime shopping area will miss out on £5bn of sales this year – a 50% drop on 2019 – which could lead to 50,000 job losses.

"In every boardroom decisions are being made," said Tyrrell. "It's weeks not months away as to which stores they'll close, how many redundancies they will make and that's why it is so fragile and precarious right now."

On Regent Street, two dancers performed routines to pop music, in a bid to draw shoppers into toy emporium Hamleys, but just a handful of customers browsed the seven storeys of toys and games.

"When we came at Christmas, we couldn't get in," said Elisabeth Walmsley, 34, leaving the store with her husband, Craig, and 11-month-old daughter, Darcia, the proud owner of a new dinosaur toy.

On nearby Piccadilly, sales at Waterstones' six-storey flagship have plummeted 85%, said the retailer's managing director James Daunt, noting the chain's city centre stores have been the worst hit.

Stores in prime shopping locations demand high rents, and in normal times high business rates, which current sales levels don't come close to covering.

Waterstones briefly reopened its Covent Garden branch after lockdown, but "if you can't cover the lighting (costs) you have to close again", said Daunt, adding that the problems faced by London are replicated in other European capitals and US cities including New York and Los Angeles.

"My real concern isn't for my own business, even though we are working very hard for not a lot," said Daunt. "Big chains can soak up most things but the little guy is what I worry about, smaller businesses."

Smaller business often depend on serving coffees to and dry cleaning shirts for the nation's army of office workers.

Only a third of UK office workers have gone back to their desks, according to research from US bank Morgan Stanley, a proportion which lags well behind other European nations.

London is particularly vulnerable to the slow return of workers. About 33% of all of the money spent in the UK by workers comes from people working in London locations, and that is equal to £3bn a year, according to analysis from consultancy Caci.

On Tottenham Court Road, many of the food outlets which would usually sell salads, soups and sandwiches to a throng of office workers haven't yet reopened their doors.

"Office workers are essential," said Ros Morgan, chief executive of the Heart of London Business Alliance, which represents 500 retail, cultural and hospitality businesses between Leicester Square and Piccadilly, "I do worry about how long the West End can last without them. We are having conversations about how we can encourage employers to bring their workers back."

The mayor of London, Sadiq Khan, who has hitherto encouraged Londoners to work from home and steer clear of public transport wherever possible, now considers continued working from home an "existential threat" to the city.

Khan is calling for government support for city centres and has highlighted the importance of an improved test-and-trace system. He also wants an extension to the business rates holiday for the retail, leisure and hospitality sectors.

Transport, however, remains a major hurdle for bringing visitors back to city centres. London's tubes and buses are still relatively quiet, but many people equate public transport with being crammed cheek by jowl with strangers in a way that defies any sort of social distancing.

Meanwhile, driving into central London comes at a cost of up to £27.50 a day, not including parking costs: at least £15 per day in congestion charge fees, and an additional £12.50 emissions charge for older, more polluting vehicles.

In the meantime, until office workers return, there are very few overseas tourists, who usually account for half of the West End's £10bn annual turnover, to plug the gap.

"There are no customers and this is a big shop," said Shafiq Ahmad, 26, gesturing out of the window of the Souvenirs & Luggage store on Oxford Street, currently staffed by two people instead of the usual 12.

"This shop depends on tourists," said Ahmad. "At the moment we are running with zero to be honest."

Manchester airport begs for rates relief

The biggest British-owned airports operator has begged HM Revenue & Customs to waive £30m of business rates after the aviation industry's plea for a financial lifeline was rejected by the Treasury.

Manchester Airports Group (MAG), which served 42 million passengers a year at Manchester, Stansted and East Midlands before the pandemic struck, said airports had been "turned away by the government" and that it had been left with no option other than to approach the Valuation Office Agency, part of HMRC.

Its decision to press ahead is a measure of the depth of frustration felt by airline operators about what they regard as the government's indifference to the pain inflicted on them by the handling of quarantine rules and the failure to devise a testing regime. They have pressed for a more nuanced approach rather than, for example, the application of the Spanish quarantine rules to the Canary Islands.

The appeal would benefit MAG's shareholders, which include Manchester city council with 35.5%, and the nine Greater Manchester councils, which between them own 29%. Yet a cut in business rates could deprive the councils of millions in rates, which in turn would force the government to provide them with support.

Companies warn of collapse as English councils resume debt collection

Move will hit businesses that missed out on government support schemes particularly hard

Struggling companies have warned they will be pushed closer to collapse by the resumption of business rates collection by councils after months of forbearance.

A number of councils have started chasing businesses for unpaid rates bills, as well as residential tenants for council tax, without which they say they may struggle to deliver their services.

The City of London, Derby and Birmingham are among the local authorities writing to companies that have fallen behind on their business rates payments.

The resumption of rates collection is a particular problem for those businesses that missed out on government support schemes.

Jane Dancaster, who runs an English language school in Wimbledon, which was not on the government's list of businesses eligible for rates relief, said that being forced to pay would mean "the death of our industry".

The school has an annual business rates bill of £100,000. Payments were deferred for three months but the council has now started chasing the school, said Ms Dancaster.

"Our business is down 96 per cent and does not look as if it will recover in the near future . . . We do not have the cash flow to allow for large payments," she said.

"Many [language schools] are in a similar position and some may be driven into bankruptcy by such demands. If that happens councils are not going to get any rates — in the current climate if we close, no other company is going to come and take the space."

Thousands of companies that had missed out on government support would struggle to pay, said John Webber, head of business rates at property company Colliers.

The government set aside a £12.3bn grant fund for small businesses at the start of the lockdown in late March, distributed to local authorities, which in turn allocated it to companies in need. But according to Colliers, £1.5bn has still not been handed out.

Colliers estimates that 6,000 of its clients in serviced offices have missed out on grants.

"Not only are some of these people missing out on grants, they are being hounded to pay [business rates]," he said.

Mike Cherry, chairman of the Federation of Small Businesses, urged councils to "carefully consider what enforcement action will be good for their jurisdictions over the long-term".

Robert Hayton, head of UK business rates at Altus Group, a real estate adviser, said councils risked "triggering a wave of otherwise unnecessary business failures."

But the decision to resume debt collection highlights the challenge facing councils, which have had a hole blown in their already depleted finances by the pandemic.

"The very same councils that are nervous about sending enforcement agents out will be worried about balancing their own books," said Russell Hamblin-Boone, chief executive of the Civil Enforcement Association, which represents bailiffs.

Between March and June councils have lost out on business rates income of £783m, according to the Local Government Association. The projected loss for the 2020/21 tax year is £1.87bn in business rates and close to that again in council tax.

The LGA estimates that local authorities have lost 60 per cent of their funding since 2010.

Derby city council said there were “several thousand” businesses behind on payments. “Without this revenue we will need to make hard decisions about future services,” it added.

The City of London Corporation said it was “working with businesses that engage with us to reach agreement on affordable payment arrangements to assist them through this very challenging time”.

Birmingham city council said it had instructed its bailiffs “to be sympathetic towards struggling individuals and businesses who have been adversely affected by Covid-19 by offering softer payment arrangements over an extended period of time”.

Mr Webber said councils had so far exercised restraint but might turn to the courts to recoup debts in the coming months.

Business rates holiday extension vital to prevent mass exodus from West End

An extension beyond next April of the existing business rates holiday or a reduction of rates by at least half is the only thing that will stop hundreds of retailers deciding to quit the West End in September, according to the New West End Company (NWEC).

Chief executive Jace Tyrrell has warned that either a 50% cut in business rates or an extension of the current holiday period for a further 12 months from April 1, 2021, is required to stop hundreds of retailers quitting the central London area next year.

“We need to sort out business rates. It’s not what happens on April 1, but what is decided in September of this year. I know there are hundreds of businesses in the West End that are going to decide whether to stay or leave depending on what happens with business rates.”

Chancellor Rishi Sunak suspended all business rates payments for retailers, hospitality businesses and theatres for 12 months in late March, in response to the then gathering coronavirus crisis. He also pledged that the government’s fundamental review of business rates would be published ahead of the autumn statement.

Tyrrell says that the government needs to give businesses an indication of what they plan to do before the scheduled autumn spending review in November, as retailers will begin budgeting costs for next year in early autumn.

“They will either downsize or move out of the West End completely if nothing is done, because it’s such a big overhead cost. That decision will be made this autumn because what they will do with their staff and their properties will be based on their operating costs for next year and that will include rates, obviously,” he says.

“These businesses need to know before the autumn budget and spending review in November. They need to know by September if they will extend the holiday for another year or cut rates by 50%. For us, that is potentially huge, because it’s potentially hundreds of retailers that could close and that could lead to 50,000 job losses.”

Since non-essential retail reopened on June 15, 5.1 million people have visited the famous shopping district, down 73% year on year for the same period.

NWEC have warned that this could lead to a catastrophic £5bn loss in sales for retailers in the area, on top of spiralling costs.

Footfall recovery slow

Tyrrell painted a picture of a slow but steady return of footfall to the West End in the two months since non-essential retailers were allowed to reopen stores.

He said that footfall had recovered 50% since lockdown was implemented in March, but described the rebuilding as “very slow and very fragile”.

Customers “feel very safe” shopping in stores and visiting restaurants, Tyrrell said, but noted the main issue slowing the recovery of the West End was that people still don’t feel safe travelling, particularly on the tube.

“The big issue for us is getting people to the West End, basically. That’s what people are telling us, is that they don’t feel comfortable travelling.”

To that end, Tyrrell said NWEC was working with Transport for London to get and share real-time travel data with potential customers to indicate particularly busy times and stations, and advise those concerned to avoid travelling then.

“If we had real-time data, we could help customers feel safe, show them when stations are too packed or are quieter. We’re also trying to encourage people to cycle in and walk; we’re looking at every form of transport, really.”

With the mayor of London Sadiq Khan due to visit the West End on Wednesday, Tyrrell said the “mixed messaging” coming from various government agencies was not helping to build customer confidence.

Ultimately, though, Tyrrell said “we’re going to have to learn to live with social distancing for at least the next year to 18 months”.

He added: “The only way we’re going to get through this is by getting in place a really effective track-and-trace system and more effective treatments. That’s the best way to build people’s confidence about coming back into city centres like the West End.”

Usdaw warns business rates increase could risk more jobs

It is also calling for a new deal for retail, distribution and home delivery workers based around a real living wage and guaranteed hours

Retail trade union Usdaw has expressed “major concerns” over reports that the government is considering increasing business rates for premises with a rateable value over £51,000.

The news comes as reports suggest Rishi Sunak is considering increasing business rates in an effort to boost the UK economy.

Instead, Usdaw is calling for a “fundamental review” of business rates as part of a wider recovery plan to be developed with trade unions and retail employers.

Usdaw said this should include an immediate and comprehensive review of rental values and lease arrangements.

It argued that in the short-term measures are needed to prevent commercial landlords taking legal action for rental defaults during the lockdown period. In the medium term, it called for a “rebalancing of the relationship” between landlords and tenants.

In addition, the trade union is calling on a reform of UK tax law to ensure that companies pay “their fair share of tax” through tackling tax avoidance, funding for local authorities and investment in skills for retail workers, including through union learning and high-quality apprenticeships.

It is also calling for a new deal for retail, distribution and home delivery workers based around a real living wage and guaranteed hours.

General secretary Paddy Lillis said the trade organisation is “staggered “by reports that the government may look at increasing business rates for higher value properties, calling it a “huge step backwards.”

He said: “The retail sector already contributes £7bn of rates annually, a quarter of the entire UK business rates bill. Increasing business rates would drive more retailers out of our town centres and put even more jobs at risk.

“We have welcomed the government’s business rates holiday for retail and hospitality businesses, but we believe that the outdated system needs a fundamental review. The shift towards online retail has accelerated during lockdown.”

He added: “If the government wants our high streets to survive and thrive, it should be working to level the playing field between online and bricks and mortar retail, so the idea of increasing this already disproportionate cost for retailers seems absurd.

“Retail workers have made an enormous contribution during the current crisis and their job security depends on targeted intervention by the government to support the recovery of this vital industry, which employs nearly three million people.”

Return of business rates will unleash high street carnage

Superdry boss says the crisis could be the catalyst for a wave of new retail entrepreneurs - but only if ministers make the right decisions

One of the most important measures that has helped retailers survive the impact of Covid-19 has been the suspension of business rates. It has enabled us to get through a period when all our stores were forced to close, and the subsequent period when footfall has been subdued and will inevitably continue to be so.

As it stands though, business rates will return to normal next year. Even worse, the Government has announced that the next rates revaluation will be delayed from 2021 to 2023. What this means is that when rates come back, they'll still be based on shop rents from 2015, which bear no relation to today's much reduced levels. The situation could be compounded if Tuesday's report in The Daily Telegraph that the Government is considering a higher business rate for larger shops becomes a reality.

I believe this will be a disaster for the UK's high streets. This isn't just an issue for retailers – healthy town centres are essential for the well-being of our communities. Everyone can see what is happening today with stores closing all over the country, and if the Government doesn't take action now, it will be too late.

I'm not the first chief executive of a big retailer to highlight the threat the current business rates system poses to bricks and mortar retail. In a post-Covid world that risk is multiplied. But what has not been highlighted is the damage it will do to the next generation of retail entrepreneurs. I have some experience in this regard. Superdry may be a global brand today but I spent the first 15 years of my career as an independent retailer.

Independent retail could play a really important role in the economic recovery after Covid, with people who have been made redundant becoming the next generation of retail entrepreneurs, filling gaps left on the high street as tired brands either move online only or close altogether. But that won't happen without reform of business rates.

Of course it's right that retailers pay their share towards local services, and no one's arguing with that. But there is a huge imbalance between what physical retailers pay and the minimal rates paid by the online giants on their warehouses. That might have made sense in 2015 when retail rents were at their peak and warehouses hadn't become the epicentres of online retail they are today. But it doesn't make sense any more.

There needs to be a levelling of the playing field between stores and online, which as well as reform of rates should also include a tax on online turnover to ensure the pure-play e-commerce giants are paying their share.

The irony is that, to their credit, many landlords are accepting the new reality, adjusting rents downwards and agreeing to new models like turnover rents. But they too are victims of the business rates system. They are seeing the value of some stores reduced to nothing, or even becoming negative, as the rates alone make occupying them prohibitive for any retailer, and then fall to the landlord.

It doesn't have to be like this. When I travel to our international stores, I see them surrounded by flourishing independent retailers. That's because unlike the UK, countries like Italy and France have a sensible system of taxation on retail property that encourages entrepreneurs.

I am still a believer in the future of stores. My view is that if you create attractive destinations filled with great products, then customers will come. I'm pleased that we are seeing early evidence of this at Superdry as the lockdown gradually lifts.

But there's no getting away from the reality that retail is changing. Online is where the growth is and for brands like ours, a compelling online proposition is as important a shop window as our flagship stores. All retailers have seen dramatic e-commerce growth during lockdown and the reality is that not all those sales are going back to stores.

If rates return next year at their previous level, it will unleash a whole new wave of carnage on the high street. All retailers will need to look again at their store estates, and those stores that are marginal will not reopen. For those independent retail entrepreneurs with one or two stores, the return of rates could represent a killer blow. Not just to their stores, but also to the high streets where they create the vibrant and diverse retail scene our struggling towns and cities so desperately need.

The reality is that for the high street to be sustainable, rates need to be half where they were before the pandemic, which would reflect what has happened to high street rents. The Government can't keep putting it off – we need action on rates now.

We are at a crossroads, and the future of our town centres and high streets is in the Government's hands. I desperately hope it makes the right decision. If it does, this crisis could be the catalyst for a wave of new retail entrepreneurs who would breathe life back into our high streets. If it fails to act, our high streets face a future of decay and depression, which will be impossible to reverse.

Julian Dunkerton is chief executive of Superdry

Government must reveal their business rates strategy

The Government mustn't leave it any longer before it spells out its proposals for business rates for the beleaguered Retail and Hospitality sectors says John Webber, Head of Business Rates at Colliers International and must think about this now or it may find it will be too little too late and only accelerate the decline of the high street.

According to Webber, business leaders will be making their plans for 2021 over the coming weeks and will need to factor business rates into their decision making.

"Whether the government decides to extend the current business rates holiday for another six or even twelve months from April 2021 or whether it gives 50% rates relief will be important factors to put into the decision making about keeping open or closing stores or cutting jobs. We ask the Government not to leave this decision to next year or even the Autumn -or for many businesses the decision to stay open or close will have been made and the horse will well and truly have bolted."

In non-Covid times, Business Rates provide the Government with a net tax take of about £26 billion, of which the Retail Sector is the largest single sector, paying between a quarter and a third (around £7.625 million) of the total tax bill. This is even though the gross value added by retail to the national economy (GDP) is less than 10% (ONS). Together with the hospitality sector, the tax contribution is around £10 Billion.

Although both of these the sectors are now receiving a business rates holiday, casualty in the sectors have been far and wide, even as lockdown has begun to lift. Household names such as TM Lewin, Go Outdoors, Victoria Secrets, Johnsons Shoes, Cath Kidson, Debenhams, Laura Ashley and Oasis/Warehouse have gone into administration. Others well-known brands are permanently shutting stores and planning to lay off currently furloughed staff. In the restaurant sector Carluccios and Tex-Mex dining chain Chiquito have also been casualties.

“In many ways Covid-19 has been the catalyst for what we were seeing anyway, “says John Webber Head of Business Rates at Colliers International.

“2019 was the Year of the Retail and Restaurant CVA and even before Covid-19 many of the weaknesses were apparent. The impact of too high business rates, increased employment costs and competition from on-line rivals were taking their toll. Coronavirus has only exaggerated this.”

Given the state of hardship being faced by both sectors, Webber believes it is inconceivable that retailers and restaurateurs would be able to take back their business rates commitments in the next twelve months. “Even “successful” retailers such as John Lewis would be facing annual rates bills of over £50 million (not including Waitrose) next year for a chain of fewer than 50 stores.”

Current press reports suggest the Chancellor is planning to tackle the issue and is looking at ideas to reform the system such as introducing a tax on online sales and consumer deliveries, as well as replacing business rates with a possible land tax. He has already called for another review on the system which should report in the Autumn.

“We await the conclusions of the Business Rates Review in the Autumn with bated breath. “concludes Webber, “Whether the Government will finally recognise that a £26 billion property tax is unsustainable waits to be seen.

“In the meantime, the Chancellor must give retailers and the hospitality sector some glimmers of hope- and reassure them that they won’t be facing exorbitant and unaffordable business rates bills as the economy tries to recover in the New Year.”

Coronavirus: Boris Johnson urged to extend business rates holiday to help firms survive

Firms are facing a "perfect storm" from home working, social distancing and the collapse in tourism, the mayor of London warns.

Boris Johnson has been urged to guarantee an extension to the business rates holiday now to help ensure the survival of firms hard-hit by the coronavirus pandemic.

It is among a raft of measures being called for by the Mayor of London Sadiq Khan in a letter to the prime minister, including a targeted continuation of the furlough scheme for sectors struggling in the face of the COVID-19 crisis.

With a view to increasing public confidence during the coronavirus emergency, he also said the government should look at making face coverings compulsory in the busiest areas, as has happened in Paris.

Mr Khan warned businesses in the capital faced a "perfect storm" of continued home working, a collapse in domestic and international tourism and the need for social distancing.

He made his plea following confirmation the UK had dived into its largest recession on record and figures showing 730,000 jobs had been lost since the coronavirus lockdown began.

London's West End has forecast it will lose more than £5bn in retail sales this year, with a third of shop and hospitality workers - more than 5,000 people - facing the threat of redundancy.

While Mr Khan said he had provided support to businesses through direct financial support and ensuring the transport network was running almost a full service, he argued central London needed a "targeted and sustained financial and fiscal support from the government in order to survive".

He said the financial case for safeguarding the businesses was "overwhelming" with London's economy accounting for a quarter of the UK's total economic output and contributing a net £38.7bn to the Treasury.

Pressing for an extension to the business rates holiday, which is due to end in March, he pointed out many large retail, leisure and hospitality businesses were making key decisions for next year in the coming weeks, so certainty was urgently needed.

Mr Khan also stressed the need for the job retention furlough scheme, due to close at the end of October, to continue for retail, hospitality, leisure, and creative businesses that would struggle to recover because of social distancing rules.

Mr Khan told Sky News' Ian King Live programme that London's West End contributed "hugely to the country's prosperity", but now faced an "existential threat" from the COVID-19 crisis.

He said: "We face a perfect storm in the West End from people working from home, people social distancing, a lack of public confident, but also the collapse of domestic and international tourism."

Calling for a targeted financial support package, he said: "It's really important we do it now, not wait for these jobs to be lost."

Mr Khan also defended increasing the congestion charge to £15 a day, arguing it had been a "condition" to secure government support to keep Transport for London running.

He said: "What we can't afford to have in London is a car-led recovery.

"That would be bad for our city because even a small increase in traffic will lead to our city grinding to a halt but also lead to air quality getting worse."

How would a wealth tax work and what would it look like?

Property wealth is a vast and mostly untapped source of potential tax revenue

British homes could be the new source of billions of pounds in much needed revenue for the Government in the form of a wealth tax, following the economic devastation of the coronavirus pandemic.

Prime Minister Boris Johnson and his Chancellor Rishi Sunak have attempted to stamp out any notion of a so-called wealth tax, saying they want “job, jobs, jobs, not tax, tax, tax.”

Thus far – even in the face of the worst recession for 100 years – they have only cut taxes with a stamp duty holiday to reinvigorate a stalling property market. There has also been a huge cut in VAT from 20pc to just 5pc for hospitality and tourism businesses.

But these are short-term measures. Experts say tax rises in some form or another, whether they are labelled as a tax on wealth or not, are inevitable.

The national deficit is now bigger than the economy and will soar to close to £400bn in 2021, according to the Office for Budget Responsibility forecast, as the Government spends £1trillion for the first time in history. Unemployment is expected to hit more than 13pc.

As the economy shrinks, tax receipts will fall. One solution proffered by think tanks is a tax on the exponential rise in property wealth.

So what would a wealth tax look like and how would it work?

Tax on property gains

A reform of capital gains tax or inheritance tax, or both, is the most likely route to some form of new duty on property wealth.

The Social Market Foundation, a think tank, has called for new taxes to be levied on increases in the value of homes.

This is so older generations – who have benefited most from house price growth – share a larger proportion of the burden of paying for coronavirus. The young – most likely to be affected by future tax rises – should not have to unfairly shoulder the cost of recovering from the crisis, the foundation argued.

It said the 100pc primary residence relief on homes should be scrapped and a new 10pc CGT rate introduced due on the sale of homes even when selling the home of a deceased relative (although IHT would not apply).

SMF also proposed scrapping stamp duty on the main home, but not on second homes. These changes would raise £421bn over the next 25 years. A further £375bn could be raised by removing higher rate tax relief on pension contributions, and scrapping the 25pc tax-free lump sum withdrawal available to savers at the age of 55.

CGT generates less than £10bn a year and even when combined with IHT, which raises less than £6bn, they make up less than 1pc of overall tax revenue.

Rishi Sunak last month called for a review of gains levies, including asking for the Office for Tax Simplification to assess current rates and reliefs, including primary residence relief.

However, he has played down suggestions the review could lead to policy change.

A new inheritance tax

Others have said IHT could be tweaked after receipts from the death duty fell for the first time in years due to new tax breaks that protect the family home.

Receipts for the 40pc levy in 2019-20 fell to £5.2bn from £5.4bn the previous year. Taxpayers shielded £3bn in property wealth from the taxman in 2017-18 – as the year the new "family home allowance" let married couples pass on extra property equity worth up to £350,000 tax-free.

But a series of complex reliefs, including 100pc reliefs of agricultural land and property, means the richest who can put money into assets outside the tax net end up paying a lower effective rate versus the average taxpayer.

The All-Party Parliamentary Group on Inheritance and Intergenerational Fairness has said the IHT system should be abolished. All reliefs should be scrapped to stamp out avoidance from the wealthiest and a new 10pc rate for modest estates, with 20pc levied on estates worth more than £2m.

It said this would broaden the tax base and help to raise revenue but protect average families from hefty taxation, However, it did how much revenue this would generate.

Tom Elliott of advice firm Crowe UK said a higher rate for richer estates could be a significant money maker.

“So few estates pay the tax that it would hardly be a vote-loser if the rate was increased. If anything, such a proposal would be a politically positive step.

"If the Treasury is seriously considering an annual wealth tax, this would provide the perfect opportunity to not just reform IHT but do away with it completely. Politically, the Government would be seen to be continuing to tax wealthy estates,” he said.

‘Tsunami of appeals’ over business rates

A “tsunami” of Covid-related appeals over business rates threatens to overwhelm the government agency that handles them.

Experts said a huge rise in companies registering challenges to their bills would cause a 17-year backlog if appeals are dealt with at their current rate.

Figures from the Valuation Office Agency (VOA), which handles rates appeals, show that 144,910 shops, pubs, restaurants, offices, factories and other businesses lodged a “check” on their property tax valuation in the first three months of this financial year, the first stage in launching a formal appeal.

The number registered was seven times the total for the same period last year, when 18,340 were raised. There was a total of 158,910 in the past three years. Experts expected a rise, but were surprised by the scale of the jump.

Jerry Schurder, head of business rates at Gerald Eve, a firm of property advisers, said: “This tsunami of appeals will overwhelm the VOA — and it is ratepayers, desperate for rates cuts, that will pay the price. To wait many years for their case to be considered will be the death knell for many.”

Altus Group, another property advisers, estimates that the Treasury has written off bills to the tune of £10.22 billion in an emergency holiday for retail, leisure and hospitality properties.

Alex Probyn, UK president of Altus Group, said that sectors that had not benefited from the rates holiday must be given urgent assistance, including offices, factories and warehouses.

Mr Schurder said the situation could become even worse from next April when businesses that enjoy a rates holiday at present may also launch appeals.

Lower business rates income could cause a crisis in local authority budgets.

Coronavirus drives business rates dispute appeals by 690%

690% surge in tax appeals challenging property valuations which form basis of business rates

- 144,910 shops, pubs, restaurants, offices, factories & public sector buildings lodged a Check to their property tax valuation
- This equates to 2230 non-domestic premises every working day in the first quarter of the tax year

Covid-19 has led to a huge surge in tax appeals from retailers and other businesses in England challenging property valuations which form the basis of business rates bills.

Data released from the Valuation Office Agency (VOA), an executive agency of HMRC, show a total of 144,910 shops, pubs, restaurants, offices, factories and public sector buildings lodged a Check to their property tax valuation during the first three months of the 2020/21 financial year.

This equates to 2230 non-domestic premises every working day to challenge their property valuations.

The number of Checks lodged was up by a whopping 690 per cent on the corresponding period last year, when 18,340 Checks were raised between April and June 2019.

A Check is the first stage of a formal appeal under a three stage process called "Check Challenge Appeal".

Alex Probyn, UK President of the real estate advisory firm Altus Group, said the impacts of Covid-19 on commercial properties "are already obvious arising from the national restrictive measures introduced to counter the pandemic and grounds exist to support a substantial and prolonged reduction".

The UK Government has delayed the next revaluation of business rates in England until 2023 so that property valuations can be calculated by reference to emerging post-coronavirus rents that are being paid on April 1 next year.

Experts say successful appeals citing the pandemic are likely to offset that delay.

Probyn said time was of the essence to help those within sectors of the economy not in receipt of the business rates holiday like offices, factories and warehouses – all of which are present in the retail sector.

"The effects of the pandemic within the tax base must now be reflected quickly as the changes are so fundamental, uniform and wide ranging," he said.

Chancellor Rishi Sunak has previously vowed to do "whatever it takes" to support business.

The Treasury have written off business rates bills this financial year to the tune of £10.22 billion for all occupied retail, leisure and hospitality properties.

However, councils in England still expect to collect £15.4 billion in rates, according to Altus Group analysis.

'Wartime scenario' for business rates appeals

The number of business rates appeals launched in the three months to 30 June reached almost the same level as those launched in the three-year period to 31 March.

Nearly 145,000 checks – the first stage of the Check, Challenge, Appeal system – were registered in the three-month period, compared with 158,910 registered between 1 April 2017 and 31 March 2020.

Many ratepayers are claiming a Material Change of Circumstance (MCC), as they argue that rental values have plummeted because of Covid-19.

Business rates experts Colliers have called it a "wartime scenario", and said the new figures are "adding even further pressures on a system that was overstretched before the pandemic".

John Webber, head of business rates at Colliers, said: "Covid-19 has led to the biggest Material Change of Circumstance the country has seen in rating history – and the system has been around for over 400 years. You could say we are on a wartime footing.

"Businesses are claiming MCC either as a result of the impact of the initial lockdown and/or the impact to businesses as they have re-opened. As a result of social distancing and consumer and worker fears about returning to the shops or offices to work, few businesses in the country are operating on pre-Covid levels. There is no doubt that their circumstances have changed materially. Footfall has reduced massively, and many offices, shops and restaurants remain closed or at reduced capacity – these are all valid reasons to reduce the rating assessments."

The government has delayed the next business rates revaluation by two years to April 2023. To reflect the impact of Covid-19, this revaluation will be based on property values as of 1 April 2021.

Frasers Group slammed the decision, saying it will now have to "carefully" review the viability of several stores across its portfolio.

The government has also called for evidence for a fundamental review of the business rates system in England. It is seeking views on how the system currently works, issues to be addressed and ideas for change or alternative taxes.

Business Rates Appeals Surge After Coronavirus Hits Firms

Business rates appeals were almost seven times higher over the past quarter as property owners claimed values were hammered in the face of the coronavirus pandemic, according to new figures.

Government data released by the Valuation Office Agency of HMRC revealed that 144,910 shops, pubs, restaurants, offices, factories and public sector buildings launched appeals in the three months to June.

It represented a surge in appeals over the tax, with only 18,340 checks reported over the same period last year.

Industry experts have said the increase was driven by concerns that property valuations are not accurate, after the lockdown caused a sharp fall in footfall for retail and hospitality firms.

However, firms will not have to pay business rates for the current financial year, after the Chancellor wiped the tax for all companies for the period as part of his economic support package.

Alex Probyn, UK president at real estate advisers Altus Group, said: "The impacts of Covid-19 on property are already obvious arising from the national restrictive measures introduced to counter the pandemic and grounds exist to support a substantial and prolonged reduction.

"The public purse is already under intense pressure but the government can, through the existing appeals system, ensure support is delivered quickly and proportionately, delivering maximum benefits from the funds available."

Last month, the government delayed the next revaluation of business rates in England until 2023 so that property valuations can be calculated by reference to post-virus rents that will be paid on April 2021.

Probyn said that successful appeals citing the pandemic are likely to offset that delay.

Many firms have appealed as they have claimed a Material Change of Circumstance as a result of the impact of the virus, experts said.

John Webber, head of business rates at Colliers International, said: "Covid-19 has led to the biggest Material Change of Circumstance the country has seen in rating history and the system has been around for over 400 years.

"You could say we are on a wartime footing.

"Businesses are claiming MCC either as a result of the impact of the initial lockdown or on the impact to businesses as they have reopened."

Coronavirus drives Tax dispute appeals up by 690%

The economic impact of Covid-19 has led to a huge surge in tax appeals in England with 2,230 non-domestic premises every working day challenging their property valuations which form the basis of business rates bills, a government agency has confirmed on Thursday.

Data released from The Valuation Office Agency (VOA), an Executive Agency of HM Revenue & Customs (HMRC), show a total of 144,910 shops, pubs, restaurants, offices, factories as well as public sector buildings, lodged a Check to their property tax valuation during the first three months of the 2020/21 financial year.

The number of Checks lodged was up 690% on the corresponding period in 2019/20 when 18,340 Checks were raised between 1 April to 30 June 2019.

A Check is the first stage of a formal appeal under a three stage process called 'Check Challenge Appeal' with Alex Probyn, UK President of the real estate adviser Altus Group, saying "The impacts of Covid-19 on property are already obvious arising from the national restrictive measures introduced to counter the pandemic and grounds exist to support a substantial and prolonged reduction."

The government has delayed the next revaluation of business rates in England until 2023 so that property valuations can be calculated by reference to emerging post coronavirus rents that are being paid on 1 April 2021. Experts say successful appeals citing the pandemic are likely to offset that delay.

Probyn stressed that time was of the essence to help those within sectors of the economy not in receipt of the business rates holiday likes offices, factories and warehouses adding "the effects of the pandemic within the tax base must now be reflected quickly as the changes are so fundamental, uniform and wide ranging." The Chancellor, Rishi Sunak, has vowed to do "whatever it takes" to support business.

The Treasury have written off business rates bills this financial year to the tune of £10.22bn for all occupied retail, leisure and hospitality properties although Councils in England still expect to collect £15.4bn in rates according to Altus Group analysis.

Rishi Sunak considers hike in business rates to aid coronavirus recovery amid opposition from firms who say proposals could lead to more job losses and store closures

The Chancellor is weighing up the move that will target luxury shops and offices

- Industry experts will examine pros and cons before reporting back in the autumn
- However, the proposals have already been met with opposition from retail firms

Rishi Sunak is considering bringing in a hike in business rates, it was reported last night.

Looking to raise revenues with the economy beleaguered by the coronavrius pandemic, the Chancellor has limited options.

Now according to the Daily Telegraph he is looking at the increase for the 'most valuable properties'.

However, there are concerns the increase could hurt retail firms already struggling, with job losses and shop closures increasing.

The Chancellor is said to have requested feedback from industry experts on whether luxury shops, offices and other large buildings should be subject to a higher business rate.

The replies are expected before the autumn budget.

The Treasury fears that failure to raise enough money from business rates could mount pressure on 'other parts of the tax system'.

The rates are usually based on the rental value of shops which is calculated every five years and is paid by the tenants.

Some have claimed the system is unfair as it gives online businesses an unfair advantage over high-street traders.

Currently, there is a 'standard multiplier' which is applied to properties with a rateable value over £51,000.

Around 1.8 million small firms under that value, pay a lower rate.

The consultation is looking at ways to create 'additional higher multipliers for the most valuable properties'.

Business rate experts have criticised the proposals and labelled them 'abhorrent'

Jerry Schurder, the head of business rates at consultancy Gerald Eve, told the Daily Telegraph: 'It beggars belief, considering the primary complaint about business rates is that the tax is just too high.'

He added that the 'most valuable properties' include supermarkets, offices, hotels and cinemas.

Distribution warehouses, which have been some of the hardest hit during lockdown, would likely be affected by the new business rates according to Mr Schurder.

Treasury minister Jesse Norman, in the foreword to the review, said coronavirus has had a 'significant impact on how business is done'.

He added that the Government has to make sure the tax system 'raises sufficient revenue to fund the services that have been essential parts of the pandemic response'.

They have also asked for responses on proposals for a new system which would mean different rates for different types of businesses.

This would separate warehouses from offices and shops.

Government urged to give clarity over business rates to save jobs

The government must spell out its 2021 business rates strategy now to avoid job losses and store closures, according to property experts.

With companies planning for next year during the coming weeks, clarity is needed over whether the business rates holiday for retail and hospitality will continue beyond April 2021, according to Colliers International. Otherwise, any extension may be too late, as decisions on closing stores and cutting jobs will already have been taken, said Colliers head of business rates John Webber.

“Whether the government decides to extend the current business rates holiday for another six or even 12 months from April 2021, or whether it gives 50% rates relief, will be important factors to put into the decision-making about keeping open or closing stores or cutting jobs,” said Webber.

“We ask the government not to leave this decision to next year or even the autumn – or for many businesses the decision to stay open or close will have been made and the horse will well and truly have bolted.”

The government introduced a 12-month rate-free period for all retail, leisure, nursery and hospitality businesses as lockdown began in March.

The level of hardship experienced by retail and hospitality during the crisis makes it “inconceivable” for them to retake the burden of business rates during the next 12 months, Colliers said.

Retailers to have recently announced swingeing job cuts include Selfridges, M&S, John Lewis and Boots. More than 24,000 retail jobs were lost in the first half of 2020, according to recent figures from the Centre for Retail Research.

Last month the government launched a call for evidence on reforming business rates, with suggestions including an online sales tax. The government also pushed the next revaluation date back until 2023. It means it will be based on rents payable in 2021, factoring in the impact of the pandemic, but also leaves businesses with rates determined in 2017 for another three years.

Webber said: “We await the conclusions of the business rates review in the autumn with bated breath.

“In the meantime, the chancellor must give retailers and the hospitality sector some glimmers of hope – and reassure them they won’t be facing exorbitant and unaffordable business rates bills as the economy tries to recover in the new year.”

UK Considering New Online Sales Tax

Alongside a review into the reform of the business rates system (commercial property tax) in the UK, the Government is looking at possible taxes that could replace or supplement the regime, including a new tax on online sales.

In a call for evidence on reform of business rates, the Government said COVID-19 may have made previously considered policy alternatives to business rates more attractive.

The call for evidence states: "Some stakeholders continue to advocate for alternative or complementary systems of taxation to business rates, as highlighted by the Treasury Select Committee's 2019 report. More recently, COVID-19 and associated public health measures have significantly affected how non-domestic property can be used. COVID-19 has also, in the near-term, increased the use of online shopping. It is too soon to tell what the lasting impact of COVID-19 might be on the non-domestic property market."

"The government will need to strike the right balance between continuing to raise the revenue necessary to fund essential public services and supporting the economic recovery. Therefore, the Government is again seeking views on the case for the introduction of alternative taxes to either replace or complement the business rates system. Any move towards the introduction of a new tax would be a long-term proposition."

On options, the Government's report revisits previously proposed alternative taxes, or changes to existing taxes, including an online sales tax, or increased rates of VAT or corporation tax. The Government acknowledged, though, that, "each proposal has potentially significant challenges, some practical or administrative, and others more fundamental."

"In light of the advantages of property taxes set out above, this call for evidence focuses on an alternative means of taxing non-residential property as a potential replacement for business rates and, due to the prevalence of concerns about online retail trends and divided public opinion, an online sales tax."

"Given that an online sales tax would be unlikely to raise revenue sufficient to replace business rates, we expect that any such tax would exist alongside business rates."

The report says: "Some commentators argue that the business rates system creates a distortion within the retail sector, favouring online retailers that can operate without the high-value properties that are a feature of more traditional retail. This has led to proposals that the government should levy a tax on companies based on their online sales, and that this could be used to fund business rates reductions for retail properties."

The report adds: "There is also a risk that an online sales tax could, subject to its scope, be distortive and incentivise the bundling together of certain online purchases of goods and services; any new tax should maintain purchasing neutrality and not incentivise this consumer behaviour."

Calling for input on the measure, the Government appears to express its support, stating: "Historical trends in online retail sales, and the more recent increases driven by COVID-19, suggests that while an online sales tax would not replace business rates, it could still provide a sustainable and meaningful revenue source for the government."

"While the scope of an online sales tax would need further consideration, it could be levied on the revenues that businesses generate from online sales to UK customers, and focused on sales in direct competition with those carried out through physical premises. Given divided opinion on this idea, the government is seeking evidence on the potential effects."

Input is sought by September 18, 2020.

DEBATE: Is Rishi Sunak's digital tax a good idea to save the high street?

Jordan Shlosberg, co-founder of proSapient, says YES.

High street retail is not fundamentally unprofitable, but is disadvantaged compared to online retail through higher taxes and overpriced leases.

Through shifting the national tax burden from physical to online retail, the government can support a sector that provides not only jobs but also a soul for local neighbourhoods.

The consumer move to online sales has also meant a shift of British tax receipts into low-tax jurisdictions. As well as providing a respite to a sector which supports many livelihoods, the proposed tax adjustment will also keep tax receipts within the country.

Levelling the tax playing field will have another positive impact too. There is currently a record $2.5 trillion of dry powder held by private equity investors, but they will not invest in industries facing consistent structural headwinds. The alleviation of business rates following the implementation of a digital tax is the first step towards the retail sector becoming attractive for those funds.

Will Lovatt, general manager (Europe) at PROS, says NO.

Were all online transactions to be subject to the chancellor's online sales tax plan, this would severely hamper businesses' ability to recover from the financial impact of Covid-19.

Research we conducted into business buying behaviours since the pandemic began shows that 37 per cent of people are now primarily purchasing through digital channels — an eight point rise from pre-outbreak.

The consumer trend for prioritising digital channels has accelerated as physical channels are just not an option. And it comes with its own business benefits for consumers and business alike. Personalised offerings, consistent pricing and self-service is keeping customers on the digital path, while every online interaction yields data about that customer to further personalise a next offer, deepening that buyer-seller relationship.

This behaviour isn't going to change just because of a new tax. Businesses must meet customers where and when they want to be sold to — and increasingly customers want that interaction to be online.

To penalise online transactions in the current climate would adversely affect buyer choice while curtailing revenue recovery efforts in all industries.

Why Britain's tech tax is the first step in the digital crackdown

Bid to aid struggling high streets is likely to stoke a new wave of lobbying from tech giants

With Britain’s retailers still reeling from lockdown, many of the nation’s high streets are losing their battle to survive. Meanwhile, on roads up and down the country, Amazon drivers are out in their thousands, delivering everything from plants to lavatory roll.

Now, Rishi Sunak, the Chancellor, says he has a plan to underpin crumbling city centres: an online sales tax that could place a 2pc levy on all goods sold on the web by internet retailers. The idea has attracted critics.

“It would be stupid,” says one tech industry insider. “If you look at online sales, I’d say eight of the top 10 are offline sellers as well. It’s cutting off your nose to spite your face.”

At Amazon, a company likely to be among the hardest hit by the measure, there is frustration. Years ago, there had been a significant backlash against the amount of tax it paid – even the Archbishop of Canterbury had called the company a “tax leech”.

It is true that things have not changed much since. In its latest figures, Amazon revealed it had paid £220m in tax in the UK on annual sales of £11bn. But some Amazon executives had hoped the digital services tax (DST), which was introduced earlier this year and affects portions of its operations including advertising and its “marketplace”, may lessen the need for a further levy.

Now it seems that hasn’t been the case. Days after US officials warned the DST could present a hurdle in ongoing trade talks with Britain, the Treasury signalled plans for a further digital tax. It said it was seeking evidence on how it could introduce an online sales tax.

Reports have recently suggested that the plan is to introduce a 2pc levy and raise as much as £2bn for the public coffers – although no final decisions are understood to have been made on this by the Treasury and discussions remain at an early stage.

Talk of such a tax has been around for a while. The existing way retailers are taxed, through business rates based on the premises they occupy, has been branded unfair.

Last February, a report from the housing, communities and local government committee called for the Government to go “further and faster to level the playing field” between online retailers and high street sellers, who are charged higher business rates for occupying prime space in the centre of towns, as opposed to out-of-town sites rented by internet firms.

The report cited figures showing that Amazon’s business rates amounted to 0.7pc of its UK revenue, compared with high street retailers, who were paying somewhere between 1.5pc and 6.5pc. Measures such as rate discounts were welcome, it said, but did not go far enough.

Even before the pandemic struck, there were many who were vocal in calling for change. Dave Lewis, the Tesco boss, last year bemoaned that “billions of pounds have shifted online, but the rates system was never devised to account for this”. He said: “Because the bill is linked to property – not profit – shops struggling to keep the doors open have to pay up, while larger online businesses pay just a fraction.”

Amazon declined to comment, although it has always maintained it pays all its taxes in the UK.

Back in March, the Treasury made moves to protect retailers in the short term, introducing a year-long business rates holiday which many stores have said saves them millions of pounds.

Yet this holiday cannot continue forever. Clive Betts, who chairs the HCLG committee, says the pandemic has only heightened the need for change around business rates, overhauling a system in which there remains a “fundamental unfairness”.

Before Covid-19, around a fifth of all sales were online. “The suspicion is that the pace of change towards online sales will have been accelerated,” Betts says. “One way to make this fairer is to reduce the business rates that high street retailers pay, but business rates are a really important part of local government finances. The idea should be to make sure taxation doesn’t go up or down.”

To keep the balance, the committee had suggested a number of options. Consider cutting business rates, it said, but also look at introducing things such as a sales tax, an increase in VAT, an online sales tax, and “green taxes” on deliveries and packaging.

It appears the Government is now seriously considering these proposals. A spokesman for Downing Street said there had been a “significant” impact on how companies did business in the UK. He added: “We must ensure the tax system raises sufficient revenue for our vital public services.”

It is not just an online sales tax which appears to be on the table. Officials are also looking closely at how they could place an extra charge on deliveries – although this too has raised hackles among technology firms. This is not the first time this has been mooted. Back when the DST was being drafted, ministers had considered including delivery fees in the remit, although after a heavy push from Deliveroo, they ultimately rowed back on the plan.

“They’re pretty good at their lobbying,” one source says. “They managed to get that worn down.”

Deliveroo will be hoping it can do the same again, not least because earlier this year it warned Covid-19 had put it at risk of bankruptcy. An additional charge on its deliveries could prove a major blow.

There is room for discussion around the best way forward, says Chris Sanger, head of tax at EY: “I don’t think we’re in a position where this is a fait accompli.” For one thing, there are questions over how this will affect customer behaviour and how to stop costs being passed on to customers – something retailers this past week have warned over. “You could see the Government proceeding with one or two of the options, or something completely different.”

Any decision on which way to go is set to be further complicated by internal wrangling within the Cabinet.

The Treasury and No 10 were thought to have already battled over the original DST, unveiled in 2018. It is thought similar disputes could take place with an online sales tax. The Prime Minister, industry insiders say, “doesn’t want to do an intervention unless it’s absolutely necessary”.

The Department for Digital, Culture, Media and Sport, meanwhile, is weeks away from unveiling its digital strategy, with Oliver Dowden last month saying it would reflect the fact “tech must play a leading part in our recovery”. The Secretary of State said: “Our clear priority must be growth, using tech to power us out of the recession, to drive productivity and create jobs in all parts of the tech industry, region by region, and in all parts of our economy.”

Many within the tech industry are now asking how this aligns with further hitting companies which have digitised and moved their operations online. There is still time for details to be thrashed out. The review is not expected to conclude until next spring. Even then, it could be some time before measures are introduced.

The DST took more than a year and a half to go through consultations. Tech companies are certain to fight this one even harder.

SCOTLAND

Billionaire-owned shooting properties offered tax relief

Nine out of ten of Scotland's shooting properties, including some owned by billionaires, are exempt from paying £10.5 million in annual business rates, according to new research.

The Scottish Parliament Information Centre (SPICe) study, commissioned by the Scottish Greens' Andy Wightman MSP, found 90 per cent of the 13,705 sites assessed as shooting properties in 2018 to be eligible for the Scottish Government's tax relief scheme for small businesses.

By being valued below £15,000 by assessors from the Scottish Assessors Association (SAA), these sites could apply for 100 per cent rates relief via the Small Business Bonus Scheme (SBBS).

A further 358 (2.7 per cent) were eligible for a 25 per cent discount due to being valued between £15,001 and £18,000, while just 1,011 premises (7.3 per cent) were due to pay full rates.

SBBS and the charging of business rates to shooting properties has prompted fierce criticism, with calls for it to be scrapped.

Opposition parties say it makes billionaire owners of shooting estates exempt from the tax, while landowners and shooting advocates say it unfairly taxes small landholders who don't run shooting businesses, or even shoot at all.

This story is part of our ongoing investigation into land ownership in Scotland.

Wightman stressed that property owned by "some of the richest people in the world" was eligible for SBBS. These include a Highland estate owned by the ruler of Dubai via his tax haven-registered company, and another by the former boss of Lego. The latter estate has previously claimed SBBS relief for its deer forest, according to data seen by The Ferret.

Wightman called for this "tax break" to end. Scottish Labour also said wealthy landowners should not be "subsidised from the public purse when they can afford to sustain themselves".

But the Scottish Association for Country Sports (SACS) stressed that small farmers and crofters had been hit by a tax aimed at a small number of the super-rich. Scottish Land & Estates, which represents landowners, said it was "only fair that legitimate rural businesses can qualify for the SBBS where they meet the criteria", but claimed that the system is more costly for assessors to operate than the revenue it generates.

The Scottish Government said it was "committed to delivering a fair and sustainable" rates system for all businesses, adding that SBBS was due to be independently re-evaluated.

The land reform (Scotland) bill, which passed in 2016, ended universal tax relief for sporting estates which had been granted in 1994 by John Major's Conservative government. Now, land owners are automatically granted shooting rights and can also grant lease, licence or permission to shoot to another party.

Shooting rights are defined by the SAA as "the right to occupy the land for the purpose of shooting wild animals and birds hunted for sport". Due to an unclear definition of game animals in Scots law, shooting rates are due even if a landowner only shoots game they consider to be "vermin". Forests "used for the driven hunting of deer" and larders to store game are also liable for business rates.

However, properties are also considered to be shooting premises and due to pay non-domestic rates even if the owner does not actually shoot. "It is a voluntary restriction to decide not to shoot and this is something that Assessors must ignore when deciding to make a valuation roll entry", according to the SAA.

To work out how much tax shooting and non-domestic properties pay towards local council services, each premises is given a rateable value (RV) by surveyors from the SAA. The RV is then multiplied a rate known as 'poundage', which is set by the Scottish Government.

SPICe estimated that without SBBS, the public purse would have gained £10.5 million from commercial properties with shooting rights in 2018-19. However, if all shooting properties eligible for SBBS claimed it, taxpayers would have paid the £7.7 million revenue shortfall to local authorities.

The Scottish Government confirmed that £2.9 million in non-domestic rates income was raised from shooting properties in 2019/20. This revenue is put into the Scottish Land Fund which helps support community buyouts.

SBBS, which was introduced in 2008, is not automatically applied to exempt commercial properties and must be claimed for.

Wightman also obtained data from Highland Council which shows that in 2018-19, 862 premises claimed £866,734 of SBBS relief. Some 819 estates claimed 100 per cent relief, while a further 43 claimed 25 per cent relief.

Some 1,601 properties with shooting rights in Highland and the Western Isles are currently known to the SAA, which groups the two local authorities together. The figure suggests that around half of Highland shooting properties may have claimed for SBBS in 2018.

Wightman, a longtime land reform campaigner, highlighted that some shooting properties within vast Highland estates were eligible for SBBS, despite being ultimately owned by billionaires.

These include the Inverinate Estate in Wester Ross, which is owned by the billionaire ruler of Dubai, Sheikh Mohammed bin Rashid al-Maktoum, via his company Smech Properties Limited. Smech is registered in the tax haven of Guernsey, according to OpenCorporates.

The estate's deer forest, owned by Smech Management Company Limited, is valued at £15,000 by the SAA, meaning it is SBBS-eligible.

The Ferret contacted Sheikh Mohammed's foundation to ask whether Inverinate Estate had claimed for SBBS, but did not receive a response.

The 57,000-acre Corrour Estate on the edge of Rannoch Moor is owned by Lisbet Rausing, the daughter of the late Tetra Pak food packaging billionaire Hans Rausing, who was one the world's wealthiest people. The estate's deer forest, valued at £13,500, is also SBBS-eligible.

Donald Rowantree, Corrour's estate manager told The Ferret that the estate had not claimed any SBBS support.

Kjeld Kirk Kristiansen, the former boss of Lego, has a current net worth of $6.7bn, according to Forbes. He owns the 82,800-acre Strathconon Estate in central Ross-shire. The estate's deer forest is currently valued at £17,000, making it eligible for a 25 per cent discount on shooting rates.

Highland Council data shows that Strathconon Forest claimed 100 per cent relief for its £1,320 business rates tax bill in 2018/19. Strathconon Estate did not respond to our request to comment.

In 2019, The National reported that the Queen, the Duke of Buccleuch, the Duke of Argyll and other aristocratic landowners had contested the tax bills for their sporting estates.

Wightman said that charging shooting rates is "an imperfect but important way [to ensure] shooting estates make modest contributions to the cost of delivering public services such as roads, schools and cleansing."

But he called it "shocking that some of the richest people in the world including billionaires are eligible for SBBS, which was intended to help genuine small businesses."

Wightman added: "That the general public is subsidising these vast landholdings through such a tax break is beyond parody and completely unjustified. It is clearly time for this tax break to end."

His comments were echoed by Scottish Labour's Rhoda Grant MSP. She said that while "sporting estates are vital to the rural economy", only those who "subscribe to a fair work agenda and are owned domestically" should be given financial support, if they need it.

Grant called for "a re-prioritisation of business support" to ensure that "public money is not instead lining the pockets of rich tycoons and landlords who pay their taxes overseas."

However, SACS said that "by the Scottish Government's own private admission, shooting rates are a failed attempt to lash out at the perceived excesses of one or two large landowners". Instead, "as SACS predicted, the project has only turned out to be a burden for smaller landholdings and ordinary folk", including many who do not shoot at all, the group said.

Alex Stoddart, the society's director argued that "the vast majority" of those registered as shooting premises "do not conduct any meaningful shooting activity other than to control crows, foxes and pigeons".

This ensures that "Scotland's ruling political elite" have "no shortage of porridge, lamb and potatoes on their Edinburgh restaurant tables whilst sitting on their lazy fat backsides dreaming up new ways to focus on anything other than jobs, communities, education and health", he said.

Stoddart added: “To be clear, the general public is not subsidising vast landholdings – we are all 100% subsidising political ineptitude and the mismanagement of our finite public resources.”

Scottish Land & Estates said that it had warned “prior to the reintroduction of rates, the reason for their abolition in the mid-1990s was the huge administrative task for all land businesses to be [assessed] whether shooting took place or not.”

This “resulted in a system that was more costly to operate than the revenue it was generating”, said Sarah-Jane Laing, the group’s chief executive.

“Proponents of the reintroduction of these rates repeatedly stated that it was about the fairness of rates being applied – similarly, it is only fair that legitimate rural businesses can qualify for the SBBS where they meet the criteria.” Laing added that shooting rates were “in addition to various other forms of tax that are paid by these businesses where it falls due.”

The Scottish Government said it was “committed to delivering a fair and sustainable non-domestic rates regime for businesses from all sectors.” SBBS has “lifted more than 100,000 recipients out of rates altogether and provides vital assistance to many small businesses”, a spokesperson said.

Following a recommendation from the Barclay Review of non-domestic rates, SBBS will be re-evaluated by the Fraser of Allander Institute, with a report due in Spring 2021, the spokesperson added.

[The Ferret consults with our members on a regular basis about the issues that we should look into. You can get involved and help fund our next investigation by joining The Ferret.]

WALES

Business rates revaluation in Wales taking effect in 2023 in sync with England as government ‘explore more fundamental reforms’ to system

There is to be a delay in the revaluation of business rates in Wales, with a planned refresh next year postponed until 2023, with the synchronisation with England meaning “ratepayers in Wales are not placed at a disadvantage compared to those elsewhere” say Welsh Government.

Contrary to the everlasting belief of some on social media Wrexham Council do not set business rates, but do collect them. Welsh Government sets the business rates multiplier, and have offered several relief packages for some business rate payers over the years as it determines national business rates policy. Business rates (sometimes known as non-domestic rates or NDR) have been fully devolved to Wales since April 1st 2015.

The Valuation Office Agency (VOA), a UK Government body, assesses the rateable value of all non-domestic properties in Wales and England.

Back in May we asked the Rebecca Evans MS, Minister for Finance and Trefnydd about the new rating list date, when it was announced UK Government were postponing the revaluation to 2023. At the time the Minister said, "We welcomed the bringing forward of the planned revaluation to 2021 because we think that's important because it does give businesses the most accurate reflection of a rateable value of their property. So it ensures that businesses are paying the correct amount for the property in which they are operating from" adding the UK Government delay was "…disappointing but completely understandable given the legislative challenges that UK Government is facing at the moment. Clearly, we will just have to work to a refreshed timetable in due course."

Welsh Government have now confirmed the new 'refreshed timetable' with the next non-domestic rates revaluation in Wales will take effect in 2023 and will be based on property values as at 1 April 2021.

The Minister for Finance said yesterday, "Postponing the revaluation to 2023 will mean that the rateable values on which rates bills are based will better reflect the impact of COVID-19. The change will also mean that the next revaluation in Wales takes effect at the same time as that in England, ensuring businesses and other ratepayers in Wales are not placed at a disadvantage compared to those elsewhere."

The Welsh Government have indicated there could be future changes to the entire system with the Minister adding, "The Welsh Government continues to explore more fundamental reforms to the local taxation system. I have previously outlined our approach to reforming local taxes – council tax and non-domestic rates – as an integral part of the wider local government finance system. I published an update on progress last November.

"In reforming the local taxation system, our aim is to provide greater resilience for local authorities; fairness for citizens and businesses, and ensure there is sustainable funding for vital local services."

"We have already achieved our short-term goals for the non-domestic rates system in Wales and we are now considering wider and longer-term questions. These include looking at different approaches to property valuation and whether they are viable; whether they would be fairer; and whether there would be benefits for public services and the economy in Wales. We are also looking at potential alternatives for raising revenue from non-domestic property in the longer term."

The Minister said the government intend to publish the results from their programme of work in the autumn, "to inform the debate about local government finance ahead of the next Senedd term".