

3<sup>rd</sup> March 2020

Rt Hon Rishi Sunak MP  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Dear Chancellor,

It is now time for the Government to deliver on its manifesto pledge to review and reduce business rates. We welcome the measures taken to mitigate the burden of rates for some businesses by extending reliefs, but the wider rates system is in urgent need of reform. The challenge remains the same: the total burden of the tax is too high and is having a visible impact on businesses ability to adapt, invest and serve communities with the goods and services they need. The Budget on the 11<sup>th</sup> March must see the start of a process that delivers real change to a fair system that promotes growth.

We have outlined below a set of principles to guide the forthcoming review of the business rates system. These principles aim to ensure that the review is truly comprehensive and avoids the missed opportunities of previous reviews. We urge you to incorporate these principles into the terms of reference:

***The overall tax burden must come down and fiscal neutrality is unsustainable*** - The economy is changing, and business rates must change too. The government must seek to reduce the overall tax receipts from non-domestic property taxes (currently £31billion). It should look across the whole range of business taxes to spread the burden more equitably. Further, business rates cannot continue to be fiscally neutral, raising the same revenue each year. Business rates revenues, like other taxes, should fluctuate with changes in the economy.

***Incentivise investment to support economic growth*** - The business rates system must no longer penalise investment by businesses seeking to increase productivity, improve property sustainability and support jobs. Investment in new plant and machinery or improvements to premises is good for the economy. It is non-sensical that Britain's tax system punishes businesses that are trying to invest and grow.

***Simplify the administration of business rates*** - Simplifying business rates could promote understanding and coherence of the tax while reducing pressure on the Valuation Office Agency (VOA). This could include exempting or simplifying the assessment of businesses that yield little or no income but take up considerable VOA resources, for example removing all businesses under £12,500RV that pay no rates from the rating list completely.

***Ensure businesses are confident in the accuracy of rates bills through better funding for the VOA*** - The Check, Challenge, Appeal system is failing to deliver an efficient means for businesses to rightfully challenge their business rates bills. Smaller businesses cannot challenge their rateable values without professional support and larger business are having to invest heavily in additional agents to handle and track multiple appeals via an unwieldy portal. This is further exacerbated by the VOA experiencing significant budgetary cuts, causing it to axe regional offices and reduce its staff numbers by almost a third from 2017 to 2021.

There is consensus amongst the business community that these principles would support the Government's ambition for the UK to be the greatest place in the world to start a business. We remain committed to working with you and your officials to deliver meaningful reform of the business rates system and working closely on the delivery of the business rates review.

Yours sincerely

Association of Convenience Stores – James Lowman, Chief Executive



British Beer and Pub Association – Emma McClarkin, Chief Executive



British Chambers of Commerce – Adam Marshall, Director General



British Independent Retailers Association – Andrew Goodacre, Chief Executive



British Property Federation – Melanie Leech, Chief Executive



British Retail Consortium – Helen Dickinson OBE, Chief Executive



Federation of Small Businesses – Mike Cherry OBE, National Chairman



New West End Company – Jace Tyrrell, Chief Executive



Bond Street | Oxford Street | Regent Street

Revo – Edward Cooke, Chief Executive



UKHospitality - Kate Nicholls, Chief Executive

