



Rating Panel Session & Q&A with GL Hearn

Fundamental Review of Business Rates in England - A “Call for Evidence”

Thursday 10 September 2020

Introducing the GL Hearn team today



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An Introduction to today's session

- Introduction
- Government's call for evidence – an overview from HM Treasury
- Q&A with HM Treasury
- GL Hearn to cover a resume of key issues – tranche one and tranche two questions
- Q&A session, hosted by GL Hearn

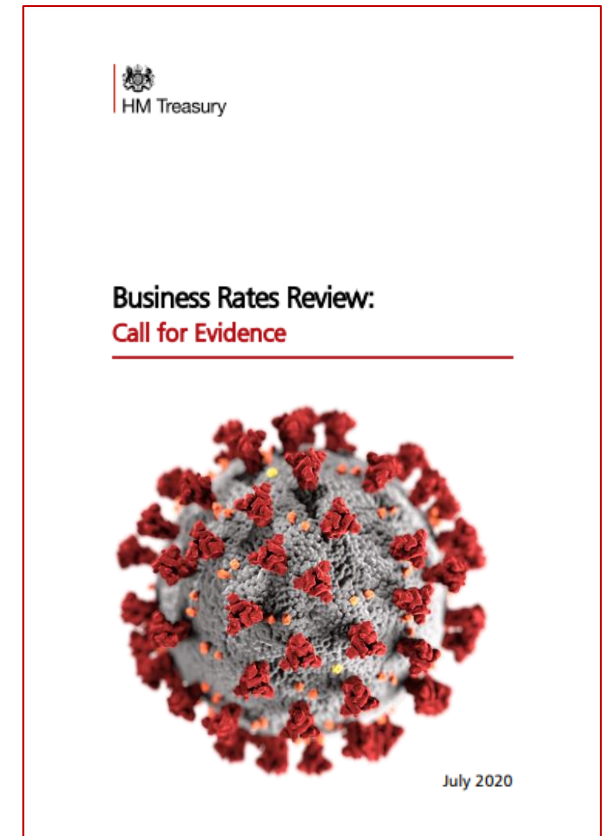


Government's call for evidence

- Call for significant reform following Treasury Select Committee Inquiry – referenced in Queen's Speech, December 2019.
- Government announce the terms of reference for a fundamental review of business rate in the March Budget.
- Objectives of the current review are:
 - reducing the overall burden on businesses;
 - improving the current business rates system;
 - considering more fundamental changes in the medium-to-long-term.

Key issues and topics for discussion today

- A revised timeline – *Proposed Revaluation 2021 cancelled*
- 2022 revaluation now deferred to 1/4/2023
- Valuation Date – April 2021 (England/Wales)
- Call for evidence:
 - Responses relating to the multiplier and reliefs sections, **18 September 2020**
 - Responses to all other sections, 31 October 2020



Key Issues: Tranche One Questions

The Multiplier
is too high

Local/other
adjustments

Small business
contribution

Transitional
adjustments

The Key Issues and Topics for Discussion

Tranche 1 Questions

- **The Multiplier:** at 50% (51.2p and 49.9p) it is far too high
- But what should it be and how should any proposed change be justified/paid for? Remove the post 1990 Inflation escalator?
- Do we need more than one tax rate (multiplier)?
- **Local adjustments:** Downside of complex local adjustments by type, geography or RV level. Impact on budgeting.
- **Small Businesses:** should all businesses make a contribution to business rates? Progressive multipliers based on RV bands?
- **Transitional Adjustments:** do we still need phasing of rate increases at a time of (annual) revaluation?
- What about upwards transition only?

Tranche One Questions continued...

Exemptions
and Reliefs

Empty
Property Rates

State Aid

Hardship relief

Charitable
relief

Investment
incentives on
target reliefs

The Key Issues and Topics for Discussion

Tranche 1 Questions

- **Exemptions and Reliefs:** are there too many and are they too complicated? – Treasury Select Committee was scathing.
- How could they be simplified? Where should they be targeted?
- **Empty Property Rates:** is mitigation this tax within the rules “abuse”?
- If so, how could it be improved? Would a reduction to 25% of full liability be fair?
- **Hardship Relief:** is this type of relief still necessary? How should hardship be defined? How can need be properly identified/supported
- **Charitable Relief:** Make discretionary? Do all Charities need support?

The Key Issues and Topics for Discussion

Tranche 1 Questions

- **Investment Incentives to target reliefs:** would the introduction of a “growth accelerator” (similar to the one introduced in Scotland) be welcome? Other reliefs such as Fresh start also seem popular in Scotland.
- **State Aid:** this has been a significant issue for the availability of reliefs and, if so, how could the system be improved? How will any Brexit deal affect this?

Key Issues: Tranche Two Questions

Revaluations

AVD

Plant and
Machinery

Switch to
capital
values

Appeals

Commercial
lease
register

Annual filing

Self
assessment

The Key Issues and Topics for Discussion

Tranche 2 Questions

- **Revaluations:** the present period between revaluations is widely considered too long. Should we move to annual revaluations?
- How should the VOA be resourced to allow this?
- **AVD:** the current antecedent valuation date (on which values are based) is 2 years prior to the new lists. This has been widely criticised.
- Should that period be reduced to 12 months or, possibly, to 6 months? Scotland has done it for 2023 (AVD is 1/4/2022).
- **Plant and Machinery:** is it time for a full review of the existing P&M Regulations?
- Should P&M used for “green” and/or health and safety purposes be exempt/subject to relief?

The Key Issues and Topics for Discussion

Tranche 2 Questions

- **Switch to Capital Values:** what would be the impact of a move from rental to capital values? Where would the evidence come from?
- **Appeals:** should the present system of CCA be supported or a new system introduced?
- **Commercial Lease Register:** would you support the publication of a commercial lease register? How reliable would it be?
- **Annual Filing:** would you prefer to provide information about your properties on an annual/event basis and thus remove some of the requirements from CCA??
- **Self Assessment “lite”** – could the annual return be used to effect changes to RV’s via “Trusted Ratepayer” scheme?

Key Issues: Tranche Two Questions continued...

Billing and
collection

Other
matters to
consider

Online sales
tax

Dates for your diary this autumn...

- Deadline for Tranche One questions - 18 September 2020
- Deadline for Tranche Two Questions - 31 October 2020

The Key Issues and Topics for Discussion

Tranche 2 Questions

- **Billing and Collection:** would you support a move to national billing and collection of rates (e.g. through HMRC's digital system)?
- **Online Sales Tax:** would you support the use of an online sales tax to reduce the amount of business rates currently paid?
- What are the issues with the introduction of an online sales tax/would it reduce the overall burden of tax?
- **Other Matters:** are there any other issues that should be considered in connection with the fundamental review of business rates?
- **Don't Forget!!**
- Deadline for Tranche 1 questions: 18th September 2020
- Deadline for Tranche 2 Questions – 31 October 2020