

BCC Budget Submission: Action needed on business rates burden sapping businesses

Ahead of the Chancellor's Spring Budget on March 8, the British Chambers of Commerce (BCC) is urging the government to take action on delivering real reform to the business rates system.

The business group is calling on the Chancellor to use his last Spring Budget to support long-term business investment by taking action to deliver real reform to the business rates system. As it stands, the system creates a number of perverse incentives for business location, property improvement, and plant and machinery investment.

BCC seeks four key measures on business rates from the Spring Budget:

- **Abandon the fiscal neutrality principle in business rates reform** – an unacceptable barrier to fundamental reform of the business rates system that is unique to that tax
- **Bring forward the switch from RPI to CPI, currently planned for April 2020, to April 2017**
- **Removal of all plant and machinery from the valuation of property for business rates purposes**
- **Drop proposals to restrict the ability of the Valuation Tribunal for England to order changes to business rates liabilities**

Dr Adam Marshall, Director General of the BCC, said:

"The current rates system is broken, and despite attempts by successive governments to introduce marginal reforms, the fundamental unfairness of business rates remains.

"We're calling for steps to be introduced which would help alleviate some of the excessive pressure put on businesses by rates. The policy of fiscal neutrality means there are winners and losers across the country from reforms, but limits the government's scope to bring about fundamental change to the system. Excluding plant and machinery from valuations would remove a perverse incentive for investment, and businesses should be allowed to appeal valuations through a simpler and fairer process.

"Businesses from across the Chamber network of all sizes, sectors and locations, lament the burden of this high up-front cost, which they are forced to pay before making even a penny of profit."

ENDS

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

Media contacts:

Allan Williams – Senior Press Manager

020 7654 5812 / 07920583381

Orla Hennessy – Press and Communications Officer

020 7654 5813 / 07825746812