

# Labour announce five point plan for business rates ahead of emergency roundtable with business organisations

Labour have responded to fears about the impact of looming business rate hikes for some businesses by calling on the Government to set up an emergency transitional relief fund and take a series of measures to ease the business rate burden for business. They are also holding an urgent meeting with leading business organisations to discuss a radical shakeup of business rates in the longer term.

Business rates revaluation due to come into effect on 1 April have caused uproar as it has emerged that The average small shop will be hit by an extra £3,663 in rates over the next 5 years, while many large online retailers will see their rates cut. The Big 4 superstores – Tesco, Asda, Sainsburys and Morrisons – will see a 5.9% reduction in Rateable Value, while online retailer, ASOS, will see their rates bill fall from £1.17million to £1.14million, despite reporting UK retail sales growth of 18%.

The changes have led to calls from businesses to reform the business rates system so that it better reflects changing shopping patterns.

Labour's five point plan to help business survive the revaluation and develop a system of business taxation suitable for the 21st Century:

1. Set up an emergency transitional relief fund for businesses facing "cliff edge" increases in their rates, and revise the appeals process to ensure businesses get a swift and fair hearing
2. Bring forward CPI indexation so that businesses aren't paying more because of how inflation is measured
3. Exclude new investment in plant and machinery from future business rates valuation
4. Introduce more regular valuations in law to stop businesses facing periodic, unmanageable hikes
5. Fundamental reform of the business rates system to ease the burden on traditional high streets and town centres in the age of online shopping; support the traditional fabric of our communities, including community pubs and incentivising free cash machines; and create a fairer system of business taxation.

Shadow Business Secretary, Rebecca Long-Bailey, Shadow Chancellor, John McDonnell, and Shadow Secretary of State for Communities and Local Government, Theresa Pearce, will hold an emergency roundtable on Monday with leading business organisations, including the Federation of Small Business, the British Retail Consortium, and the British Chamber of Commerce.

Shadow Business Secretary, Rebecca Long-Bailey, said:

“From delaying the revaluation to their failure to put adequate transitional arrangements in place, the Government have mishandled this whole process, and should provide immediate emergency relief to stop thousands of businesses going under.

“But the reality is that business rates are a ticking time bomb. It cannot be right for smaller, town centre retailers to be facing massive hikes while the Amazons and ASOS’s of this world have their business rates cut. Given our long-standing productivity problem, it is madness that we tax businesses’ plant and machinery.

“That’s why Labour are working closely with business to radically reform our business taxation system so it is fit for the 21st Century”

Mike Cherry, National Chairman at the Federation of Small Businesses, said: “Business rates are an outdated tax. FSB is keen for all political parties to help those small firms hardest hit by the current revaluation, and to start to focus on fundamental longer-term reform of business rates to make sure it’s fair for small firms. It is incredibly important to support small businesses and the self-employed so they don’t face shock tax rises, so we are delighted to take part in the roundtable.”

Andrew Silvester, Head of Campaigns & Deputy Director of Policy at the Institute of Directors said:

“It’s hugely important that politicians on all sides look for constructive ways to reform business rates. This is a 20th century system and in a 21st century economy it looks painfully out of date.”

Christopher Richards, Senior Business Environment Policy Adviser at the Engineering Employers Federation, said:

“Establishing the principle that plant and machinery has no place in the business rates system is an important first step for all political actors to take, this is the top priority action for industry. The inclusion of plant and machinery in business rates bills represents a tax on productive investment and undermines the international competitiveness of UK manufacturing. Excluding future investments from being taxed is therefore a significant step in the right direction, is consistent with the government’s industrial strategy aims and if enacted would give some confidence to manufacturers about the likely post-Brexit investment environment in the UK.”