IPTI Xtracts

Property Tax and Assessment News from Around the World

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Wholesalers fear business rates relief 'postcode lottery'

The relief was announced in March but not tabled in parliament until this week

Frustrated wholesalers are fearful the new £1.5bn business rates relief fund will turn into a 'postcode lottery', under latest confirmed government plans to distribute the tax break.

The Treasury told The Grocer this week local authorities would need to set up their own 'relief schemes' in order to distribute the relief to eligible businesses.

A similar strategy was used for the distribution of the Additional Restrictions Grants, resulting in some wholesalers receiving hundreds of thousands of pounds in aid, while other similar-sized operations in different locations received little or no support.

Wholesalers are also unhappy about the wait for the relief, which was announced in March and not tabled in parliament until this week.

"It will turn into a postcode lottery when the money eventually becomes available," said Harvest Fine Foods CEO Richard Strongman. "It feels as though the government abdicates responsibility to local authorities. It's a tremendous struggle for businesses vying for a share of funding. What we really need is consistency."

One wholesaler told The Grocer "time is of the essence" as many wholesale businesses have now exhausted reserves and are only able to continue trading after taking out "substantial" loans.

The Federation of Wholesale Distributors CEO James Bielby said: "It is extremely disappointing that two months after the original announcement the first stage in a long process has only just begun. Cashflow and credit squeeze are a live issue. Wholesalers are funding the restart with no support from government and largely no support from insurance companies."

Tiger's Philip Bier: 'The business rates system is so fundamentally broken'

As he launches a new business, retailer Philip Bier tells the Standard what he thinks needs to be done to help Britain's hollowed-out high streets

Philip Bier brought low-cost Danish retailer Tiger to the UK back in 2005, and saw it grow exponentially before making a multimillion-pound exit in 2017.

When the photographer-turned-entrepreneur sold his 50% stake in the UK arm of the business, which has since rebranded as Flying Tiger Copenhagen, he had opened more than 40 stores on high streets around the country and Tiger Retail had a turnover of £44 million.

Bier grew up in Denmark. He moved to London to train as a photographer in 1985 and has stayed ever since, working as a commercial photographer for two decades before embarking with Tiger. This month he returned to his roots, co-founding new prints business eyeeye.me with childhood friend and fellow photographer, Mark Fluri.

The new online-only venture sells limited-edition "museum-standard" black and white photographic prints - many created from previously unseen vintage negatives taken between 1880 and 1960. The prints, all made in Copenhagen, cost around £60 and are printed on museum quality paper.

Fluri amassed the collection over time and is CEO, while Bier is on board as a 50% partner providing capital and financial advice.

"We're collectors at heart and we want to preserve vintage negatives and make them available for people to enjoy," Bier said. "The idea is to print a quality photograph on museum quality paper - to sell a museum quality photographic print at an affordable price."

The pair would have loved to open a gallery/shop in London, complete with print-making and framing facilities, but Bier said UK business rates meant this had to be "disregarded as an option".

Business rates raise around £30 billion a year for the Treasury, but have been blamed for the decline of the high street, as they hit physical retailers and not online competitors.

The Government launched a review of business rates last year, calling for submissions. Its long-awaited final report on the review is due to be published in the autumn.

Many companies and big-name retailers are calling for long term reforms to the system. The Government's interim report released in March showed proposals include the idea of a 2% online sales tax, which proponents argue could raise £2 billion a year to cut business rates.

Bier is adamant on the issue. He advises Revo, the non-profit body representing the retail property sector, and recently met with Labour Party leader, Sir Keir Starmer, for a meeting to discuss business rates and the future of the high street.

He told the Standard: "There was no chance of a freestanding gallery as it would be too costly. We maybe would have done that in Copenhagen, but the risk here is so much greater, even with turnover related rent, because the business rates is a fixed overhead.

"Current business rates stifle high streets. I think the system worked up until the start of e-commerce and now it doesn't work. The system is so fundamentally broken."

Bier said that he does not expect a "fundamental review" in the autumn as the government's finances are under "enormous strain", but said: "My view is that business rates should go completely and be replaced largely by corporation tax. Tax should be a result of what you make; business rates is a tax on existence."

The experienced retailer argues that the future of the British high street will depend both on delivering customers something they cannot get in an online experience, and on Government and business working together.

"Retailers and government need to cooperate, to get together and say 'how does the high street stay relevant?' Shops need to be complemented by public spaces that people want to use," he said. "The shopping experience needs to be a good one, whatever it is. It needs really good service. It needs to offer something additional, or the customer will think 'why didn't I just order this?'

"If we ["eyeeye"] did have a store/ gallery, I would want to have a physical printer in store, where people could watch their images being printed frames being made - a mixture of workshop and retail. That would offer something different, something consumers can't get online."

Bier said his new venture and Tiger are similar in that both take "something mass market and making it less elitist".

"Tiger made Scandinavian design available at affordable prices, and this is similar in that way," he said. "Our target audience is anyone who has an interest in photography and who wants an original print, and not a poster. It is more expensive than a poster, but not out of reach."

He believes that Generation Z's love of second-hand clothes and vintage items is "fantastic", and he hopes it will help fuel interest in "eyeeye".

Bier may have left Tiger after it got big, but he aims to stay in this business forever. He has no exit strategy and the duo dream of collaborating with museums. It is a true passion project. "We are building up a library and collection, and it would be good to collaborate with museums," he said. "There are amazing negatives not being seen."

Replace stamp duty with tax raid on southern property wealth, Sunak told

An annual tax on the value of each home would be fairer than current system, according to a new report by think tank Bright Blue

Stamp duty and council tax should be scrapped and replaced with an annual wealth levy on housing which would hit the best-off hardest, according to an influential group of politicians and economists.

The new annual proportional property tax (APPT) would seek to raise the same amount for the Government as existing property taxes, but more closely reflect the value of homes than the existing system that includes council tax valuations dating back to 1991.

Ryan Shorthouse, chief executive of Bright Blue, the think tank that published the report, said it would help to level up the UK by focusing taxes on the better-off.

However, the proposals are likely to spark concerns among southern homeowners who would be hit hardest.

Mr Shorthouse said: “The current property taxation system in England is regressive and distortive. It provides significant advantages to those who have - or are from families with - substantial wealth, and is quite punishing to those with relatively little.
“An APPT system would change that, making property tax liabilities much more manageable for those from modest backgrounds and areas.”
It would also remove barriers to moving by scrapping stamp duty, the tax on property transactions that has been reduced by a temporary holiday.

The new property tax has been proposed by economists Paul Cheshire and Christian Hilber and backed by politicians including Labour’s Margaret Hodge, Conservative Lord Willets and Lib Dem Sir Vince Cable. It would charge the owner 0.11pc of the property’s value each year for the central government, plus a local charge set by councils.

It would rise to 0.14pc for second homes, and include “green offsets” for environmentally friendly home improvements.

Homeowners in areas with low property prices would typically be better off under the proposal, while those in London and the south east of England would be more likely to get bigger bills.
A Government spokesperson said: “An annual house price tax would mean soaring bills for many hard-working families and pensioners who have saved and improved their homes. We have no plans to make these changes.”

Philip Booth of the Institute of Economic Affairs said there was much merit in a proportional levy tax as a replacement for existing taxes, but warned of shortcomings in the new proposals.

“Requiring owners and not tenants to pay breaks the link between the local government tax base and the voters. It will create a dangerously narrow tax base which will be exploited in the same way that domestic rates were exploited by Left-wing councils in the 1980s,” he said, arguing that the tax component of rent should be made clear to tenants.
“Secondly, there is a huge danger that the tax becomes a milch cow with complex exemptions and surcharges for groups favoured or disfavoured by politicians. There is no case for an additional surcharge for second houses. And this tax is a very bad way to address policy questions to do with energy efficiency," Mr Booth added.

“This tax should be used as an opportunity to simplify and not complicate the tax code.”

Pubs rates relief in sight as VOA joins forces with the Forum of British Pubs

The Valuation Office Agency (VOA) has engaged with pub representative organisation, the Forum of British Pubs (FBP) to ensure that pubs, both tied and free of tie, benefit from accurate business rates, having taken into account current trading conditions and the pandemic impact.

Speaking on behalf of the Forum of British Pubs, Dave Mountford said, "We are pleased that the VOA has recognised our growing influence with publicans, both tied and free of tie and have approached us to help reach our members and encourage them to provide information to support the ongoing revaluation of business rates. We are also providing them with feedback on the issues our members face and longer-term hope we will be able to work with them to create a more level playing field within the industry.

The Forum have made it clear that we view the system as being unbalanced and needing serious changes to work properly. In order to make these changes, we need to be working with the organisations like the VOA and we are proud to be the only true tenant representative group that have been approached to work with them."

The VOA undertakes valuations of businesses to establish fair assessment for Business Rates purposes. One of the most impacted sectors as a consequence of the pandemic lockdowns is the pub industry, with a material reduction in sales turnover for many, which the FBP are committed to ensure is reflected in the rates charged.

Alan Colston, Chief Valuer at the VOA, said, "We're really pleased to be working with organisations like the Forum of British Pubs and are thankful for their support. We know the pandemic has had a significant impact on many businesses, including pubs. We need to do everything we can to make sure this is reflected at the 2023 revaluation and we have as much evidence as possible about the property market. That's why it's really important that pubs submit their up-to-date rental and turnover information to make sure their rateable value and the business rates they're charged are accurate."

Covid-19 and Real Estate: a UK Perspective

I INTRODUCTION

The uncertainty caused by the British electorate's decision to leave the EU has been put firmly into context by a truly catastrophic global event. At the start of 2020, it became apparent that the whole world was about to come under unprecedented attack by the rapid spread of a deadly new disease. What started off in a market in Wuhan, China did not take long to cast its shadow over every part of the globe. Covid-19 has affected the global economy like nothing this generation has previously faced. Not since World War II has the entire world been so adversely affected by one event. The pandemic has hit 218 countries and territories; every major jurisdiction has been forced into implementing a series of lockdowns and other measures to ensure the health and safety of its population while at the same time seeking to limit lasting financial damage. What started as a global health crisis has transitioned into an economic crisis that will leave its mark on the global economy long after the pandemic has run its devastating course. Lest we forget, covid-19 is first and foremost a human tragedy of epic proportions. At the time of writing, there have been more than 93 million cases and 2 million deaths. Although there have been some more positive recent signs with the development and approval of a number of vaccines, the task of manufacturing, distributing and administering an effective vaccine is enormous. This means that we are unlikely to be back to any sense of normality until the summer at the earliest. The process of dealing with the economic, social and political fallout will then be able to gain steam. By this point, the pandemic will have changed aspects of how we design, build and use buildings forever.

II REAL ESTATE

Real estate has arguably been hardest hit by covid-19 with a sharp decline in values across all sectors. Confidence in the property market had already been knocked by the uncertainty surrounding Brexit. The UK has finally completed the exit process and will have to forge its own recovery outside of EU membership. This may amount to a double whammy depending on how confident the rest of the world remains in dealing with an independent UK.

The retail, hospitality and leisure sectors were already in difficulty, as key players sought to adapt to changing consumer behaviour. These sectors have suffered the most, and many household names have joined the seemingly endless list of companies collapsing into administration. It has been a year to forget for traditional retailers, and the UK's high street will emerge from the crisis looking very different. The dearth of overseas visitors has hurt central London's normally resilient luxury retail and hospitality offering, and the resumption of international travel is eagerly awaited. Not surprisingly, the major supermarkets and the established online retailers and delivery companies have fared much better. From a broader economic perspective, it is worth noting that any increase in online shopping volumes has fallen well short of making up for the collapse in overall sales. A new lockdown introduced just before Christmas 2020 and affecting much of the country, including London and the South East, will not have helped those businesses hoping for a last minute seasonal boost.

The industrial sector has remained relatively resilient as competition remains strong for well-connected, high-specification distribution centres in the right locations. The logistics sector has continued to attract investment from both overseas and domestic investors, and this trend seems destined to continue. We are also likely to see the repurposing of redundant retail space for storage and distribution purposes.

Although the office market held up relatively well through the uncertainty of Brexit, covid-19 has had a much more significant impact on occupier demand as all businesses have revisited their UK and global requirements. At present, there is an overwhelming urge to reduce space as remote working has become an established part of how we all live and work. Although we are likely to see increasing vacancy rates in the second-hand office market, large corporates and major international professional services firms have remained active in their quest for new London headquarters buildings. In addition to incorporating facilities to meet the expectations of their workforce, as well as attracting customers and clients, the building must meet ESG targets and provide a safe and healthy place in which to work and do business. Occupiers are under increasing pressure to implement their green policies as part of their corporate identity, and, for many, the obvious place to start is their office premises. The gap between modern, safe and sustainable buildings and tired, second-hand space is set to widen. Connectivity, of course, remains essential. Although investment volumes have been affected badly, a resurgence in activity towards the end of the year indicates that London and the UK will remain attractive to overseas investors looking for a safe haven for their capital in difficult times.

III LEGAL IMPLICATIONS

The government has introduced a number of measures to protect businesses adversely affected by covid-19. Although the focus has been on the hospitality, retail and leisure sectors, protection has been given to all business tenants. The measures include affording protection from forfeiture for non-payment of rent, limiting the exercise of commercial rent arrears recovery (CRAR) by landlords and banning the use of winding-up orders. Originally implemented in April 2020, the measures have been extended three times and now seem likely to come to an end on 31 March 2021, a few days after the first rent payment date of 2021. The measures were introduced to protect tenants from aggressive landlords taking enforcement action to recover rents. However, in many respects it is the property sector that has found itself squeezed in the middle. Although the financial implications of covid-19 are no one's fault, without rent landlords are unable to meet their own commitments, including those to funders. A number of major property companies have been badly affected, particularly those with exposure to the hospitality, retail and leisure sectors. The government also introduced a new Code of Practice for commercial property relationships during the covid-19 pandemic. Although not compulsory, the Code encourages landlords and tenants to work together collaboratively to agree a shared recovery plan to help businesses to survive the crisis. The Code is not an excuse for tenants not to pay their rent, and landlords are not obliged to grant concessions. In practice, many rent payment plans have been agreed, waiving, reducing or deferring a tenant's rental liability for a set period. In many cases, the rent or part of it has simply been deferred and there will inevitably be further re-gearing negotiations when the deferred amounts start to become payable. The need for flexibility, including shorter contractual terms, break rights, options to renew and rights of pre-emption, has become an established part of a business's requirement for space. Rental structures are also evolving as landlords and tenants look for a viable model that meets both their requirements. This has led to a resurgence in the use of turnover rent models that allow an element of the rent to match the success of the tenant's business. The increasing importance of data, not only in relation to the calculation of turnover rents, but also in relation to the respective ESG priorities of the parties, has led to the emergence of a new breed of property professionals focusing on the obtaining and use of data as part of the landlord and tenant relationship.

Other measures introduced by the government include a business rates holiday for all retail, hospitality and leisure business that applies for the 2020 to 2021 tax year. A number of the major supermarkets that remained open throughout the crisis have agreed to repay the relief to the government. A stamp duty holiday introduced by the government at the start of the first lockdown to help support the housing market comes to an end on 31 March 2021.

Finally, and perhaps of most long term significance, is the government's proposal to review commercial landlord and tenant legislation to ensure that it remains fit for purpose as the UK contemplates its recovery from the pandemic. The main piece of legislation is Part II of the Landlord and Tenant Act 1954, which confers security of tenure on business tenants. Many commentators have called for a reform of the security of tenure regime on the grounds that the landlord and tenant relationship has changed significantly since the legislation was introduced nearly 65 years ago. The government will also look at different models of commercial rent payment and consider the effect of covid-19 on the property market generally. The pandemic has also forced the property industry to adapt to new working practices, and the use of electronic signatures and virtual completions has become an essential part of day-to-day transactions.

IV CONCLUSION

In 2021, the world has become a very different place. We have not witnessed a global crisis of this magnitude in modern times. To think, this time last year we were still fretting about Brexit. Although the covid-19 pandemic has well and truly put leaving the EU into perspective, Brexit does remain bubbling away in the background and potentially adds an additional layer of complication as we look to set off on the long road to recovery. Global markets have been encouraged recently by the positive news around the development of various covid-19 vaccines. The speed with which vaccines have been developed is astonishing, but those vaccines need to become widely available before confidence can return to the property market and wider economy. The task of manufacturing, distributing and administering sufficient doses of an effective vaccine will be nothing short of Herculean. As we look to begin the long journey to recovery, there will undoubtedly be opportunities for investors in the UK and global real estate markets. However, those investors will need to keep up to speed and remain agile if they are to take advantage.

Uncertain future for rates mitigation schemes following Supreme Court judgment in Rossendale

Hurstwood Properties (A) Ltd and others (Respondents) v Rossendale Borough Council and another (Appellants)

The Supreme Court has delivered its keenly anticipated judgment in a case concerning the validity of two business rates mitigation schemes. The schemes under scrutiny involved property owners letting unoccupied properties to special purpose vehicles (“SPVs”) which benefitted from a business rates exemption and therefore allowed both the property owners and the SPVs to avoid liability for business rates.

In its judgment of 14 May 2021, the Supreme Court allowed an appeal by the local authorities against the striking-out of their claims to unpaid business rates from the defendant landlords on the basis that the legislation governing the payment of business rates for unoccupied properties should be interpreted in the context of the intention behind it. The Court held that if the legislation was interpreted in that way, the “owners” of the properties were the defendant landlords and not the SPVs and therefore whether the defendant companies would be liable for business rates for the duration of the leases would be a matter that would need to be decided at trial.

The judgment and uncertainty around the current viability of these schemes is expected to have a wide-ranging impact given that around 55 other similar proceedings are pending in the Liverpool District Registry of the Chancery Division, whilst these "test cases" have been decided.

Background

Business rates on unoccupied properties are an unwelcome additional liability for property owners and therefore it is little surprise that for some time now they have been exploring how the ratings reliefs/exemptions can be utilised to reduce that liability. In this case, the defendants were owners of a number of unoccupied hereditaments (the area which the valuation officer assesses for ratings purposes) and let these hereditaments to SPVs which were then either voluntarily wound-up or allowed to be struck-off as dormant companies. The effect of doing so was to make the SPVs, rather than the property owners the party liable for business rates and allow the SPVs to either claim relief from their ratings liability as a result of their insolvent status or upon being wound-up pass that liability to another party.

Unsurprisingly, the local authorities challenged these schemes, initially, on the following grounds:-

- that the arrangements with the SPVs were shams and therefore did not have any effect in law.
- that the relevant legislation should be interpreted flexibly in line with the intention behind that legislation (known as the Ramsay principle); and
- that the corporate veil should be pierced and the property owners should be held liable for the business rates.

Decisions of the lower courts

Initially, the property owners applied to strike-out the local authorities' claims on the basis that the arguments pleaded disclosed no reasonable grounds for bringing a claim. In the High Court, the property owners succeeded in striking out two of those grounds, namely that the schemes constituted a sham and that the legislation should be read in the context that the property owners were trying to implement a rates avoidance scheme. However, the High Court thought there was at least an arguable case that the property owners had a sufficient degree of control over the SPVs to allow the corporate veil to be pierced and therefore refused to strike out the claims on this ground.

Both parties appealed to the Court of Appeal, which was asked to decide the issues regarding the interpretation of the legislation and the corporate veil (the sham argument was not appealed). On both issues the Court of Appeal found for the property owners.

Supreme Court Decision

The Supreme Court was also unconvinced by the local authorities' argument that the corporate veil between the defendant companies and the SPVs should be pierced not least because the defendants were not shareholders of the SPVs. By contrast, it considered at length the application of the Ramsay principle and how the relevant legislation should be interpreted.

The Court approached this by first considering the purpose of the relevant ratings legislation dating back to the Poor Relief Act in 1601 and how this had evolved. Against that background it assessed whether the SPVs or the defendant companies were the true "owner" of the properties for the purpose of the Local Government and Finance Act 1988. This was important to the viability of the schemes since only the "owner" of the properties could qualify for the relevant rating relief if it could show that it fell within the relevant exemption claimed, which in this instance was "*where the owner is a company which is subject to a winding-up order made under the Insolvency Act 1986 or which is being wound up voluntarily under that Act*".

By interpreting the legislation in line with the intention of deterring owners from leaving property unoccupied for their own financial advantage, the Supreme Court held that the "owners " for this purpose were the defendant companies rather than the SPVs because, despite the leases to the SPVs, in reality, the party entitled to possession of the properties remained at all material times the defendant landlords. By comparison, the SPVs had no real control over the properties and could have their leases terminated so as to enable the landlord to retake possession.

In light of the Court's refusal to strike out this ground of challenge, the issue of whether the defendants remained liable for business rates whilst the leases were in effect was held to require examination at trial.

What are the implication for property owners?
This long-awaited decision casts serious doubt upon the viability of schemes currently seeking to take advantage of the exemption from business rates by leasing a property to an SPV and then either winding-up the SPV or allowing it to be struck-off. For the schemes under scrutiny, a Court will consider the liability of the defendant landlords for business rates at a later stage at trial. Landlords who have operated a similar scheme will now need to look closely at whether there is any exemption or relief they might qualify for on the understanding that they, rather than the SPVs, will be considered the "owner" for purpose of the ratings legislation. Unless they are able to establish a valid exemption or alternative form of relief, this is likely to result in a substantial increase in income for a government department that expects to roll-out almost £10 billion in business rates relief packages over this financial year.
Those considering implementing mitigation schemes would be well-advised to carefully consider the test of ownership and which party will be considered to be entitled to possession before an exemption will apply.
As the law continues to evolve in this area, it is possible *Rossendale* could mark a change in approach by the Courts. Whilst they may have previously seen rates avoidance as a matter for Parliament to restrict, should it wish to do so, this decision may signal a more purpose led interpretation of ratings legislation in years to come.

Rates overtaking rent as biggest retail property cost

Business rates are so 'far removed from the commercial reality' that 'in historical terms, this is going to look like a window and chimney tax,' said Colliers' David Fox

Plummeting rents mean business rates are now the biggest property expense faced by many shopkeepers, according to British Land.

Business rates are currently based on the open market rental value of property in 2015. For large businesses, the tax is set at 51.2p on every £1 of rent payable at that time, and for small businesses 49.9p. However, because retail rents have fallen so much during the pandemic, instead of being about 50% on top of the rent bill, the tax can now be over 100%.

"The current system is out of touch with economic reality as rates payable are based on valuations made years ago," said Matt Reed, head of retail asset management at British Land, one of the UK's biggest commercial landlords.

"Across our portfolio business rates have become disconnected from rental values, meaning some occupiers are paying higher business rates than they are rent, making it harder for shop owners to keep their shops open and support jobs."

BRC property policy advisor Dominic Curran added that rates regularly exceed rent "especially in the north". "I know of cases where rents were basically zero and yet units were still unlettable due to rates," he added.

Even before the pandemic the government had repeatedly been slammed by retailers and landlords for failing to reform business rates faster, with the next revaluation not due until 2023. The final report on a consultation on long-promised fundamental reform of the tax is not due till the autumn.

Meanwhile, business rates relief is being phased out from 1 July, to be capped for the rest of the financial year at £2m for non-essential retailers and £105,000 for essential.

According to the British Property Federation, retail rents outside London had already fallen by about 30% over the previous decade even before the pandemic started. “Including inflation, it’s more like 50%,” said BPF CEO Melanie Leech.

Property agents estimate rents have fallen by up to another 50% since the start of the pandemic, depending on the type of retailer and location, leaving business rates “quite often higher than rents now”.

One leading property source told The Grocer the tax bill could be as much as 150% on top of rent for tenants of some shopping centres.

Colliers International co-head of retail agency David Fox said: “In historical terms, this is going to look like a window and chimney tax. It is that far removed from the commercial reality on the ground.

“Parts of the retail world have performed well throughout the pandemic, food stores and discounters and the like, but even for them business rates are out of kilter with where rents sit today.”

Supreme Court allows councils to sue developers for unpaid business rates

Test case over avoidance scheme for empty shops has far-reaching consequences for high street landlords

The UK’s highest court ruled on Friday that local authorities can sue two property developers over unpaid business rates, a decision with far-reaching implications for owners of empty high street shops.

The Supreme Court hearing centred on a test case brought by two councils against the developers over a business rates avoidance scheme.

Rossendale and Wigan boroughs sued Property Alliance Group Ltd and Hurstwood Properties (A) Ltd over local levies they claimed were owed on empty properties.

The two companies had entered into schemes where special purpose vehicle companies (SPVs) took short leases of the properties and became liable for tax. However, no taxes were paid because the corporate vehicles were either dissolved or put into liquidation.

Owners of most unoccupied commercial properties start paying business rates after a three-month grace period, but there is an exception where the owner is a company in liquidation.

The Supreme Court ruled that it would allow the local authorities’ case to proceed to full trial and said there was an arguable case that the original owners remained liable for the rates. The two developers had argued the case could never succeed and should be struck out.

The case is significant given the increase in empty shops following the recession caused by the coronavirus pandemic. These do not qualify for the business rates holiday even if the departing tenant was a retail or leisure business.

The ruling has implications for dozens of other lawsuits by local authorities. The two councils were chosen as a test case out of 55 similar lawsuits with a value of around £10m, filed in the Liverpool District Registry of the High Court. It is unclear how many other cases have been filed outside the north-west of England.

Handing down the ruling, Lord Michael Briggs, a Supreme Court justice, said: "The whole purpose of the schemes was to avoid payment of the empty rate, rather than to transfer the responsibility for its payment. Apart from rates avoidance, the schemes had no separate business purpose of any kind."

Chris Perrin, partner at law firm Addleshaw Goddard, representing Property Alliance and Hurstwood, said the decision could have far-reaching consequences for property law and the principles of "possession" and "occupation".

Property Alliance said it had won a number of legal points. It urged the government to reform the rates system for empty properties, adding: "We are naturally disappointed that the court did not agree with our position. But we remain confident that once the full facts and evidence are placed before the court they will find in our favour."

Matthew Whyatt of ASW Solicitors, which acted for the two councils, said he would not be surprised if "significant numbers" of local authorities now pursued claims. "During what have been difficult times for local authorities, it is clear that the schemes have deprived numerous local authorities of significant sums for front-line services," he said.

There are several other exemptions from empty rates, including listed buildings and agricultural property.

Jerry Schurder, head of business rates at property consultancy Gerald Eve, said retail landlords often install charitable enterprises as tenants at a very low rent. Charities pay business rates but receive an 80 per cent discount.

They may also take advantage of "intermittent occupation" rules by installing a shop selling seasonal goods, such as Christmas decorations, Schurder said, adding: "After 43 days of occupation, you can then apply for another three months of empty rates relief."

The Treasury is currently holding a consultation on business rate reform, but its conclusions are not due until the autumn. Meanwhile, the government has tabled legislation to prevent landlords appealing against rateable values on the grounds that Covid-19 has reduced both rent levels and the likelihood of finding a tenant.

Robert Hayton, president of property tax at Altus Group, said that while he advised against using SPVs to avoid business rates, their existence illustrated the flaws in the existing system.

"No one likes empty rates which are, in effect, a tax on the absence of income," he said. "If the tax was more affordable, owners wouldn't be forced to find complicated ways to mitigate their liabilities."

Why we need to scrap stamp duty land tax — for good

Promises and tinkering won't cut this crisis: let's stamp out this tax to level up

From day one of the Covid crisis, the government has been adamant that its pre-pandemic agenda won't be forgotten. "Levelling up" and the "green industrial revolution" are all to be rolled into the Covid recovery, embedded in Britain's economic rebound. No spending projects will be scrapped — despite borrowing £300 billion more than originally planned last year. Every plan and pledge derailed by the virus, we are told, will be put back on track.

So what about the areas where public policy was never on track to begin with? Apart from the black hole for social care funding, the UK's housing market is one of the most egregious examples: green and white papers are a dime a dozen, yet not much seems to change. Successive governments have failed to build enough homes for the next generation, resulting in serious consequences for young people trying to put down roots.

House prices keep soaring and those who have yet to buy fall further from the dream of homeownership. Even before the pandemic hit, the Resolution Foundation forecast that one in three millennials would never own their own home.

Once again we have been promised a "new deal", with housing safety and planning bills prioritised in the Queen's Speech. Yet it's hard to get enthusiastic about the government's plans while it simultaneously prepares to reverse one of the most proactive steps it has taken to improve the housing market: the stamp duty holiday, brought in by the chancellor, Rishi Sunak, last July, which slashes the rate to zero on property values up to £500,000 in England and Northern Ireland. Less generous cuts were instigated by the governments in Wales (to end on June 30) and in Scotland (which ended on March 31).

The Treasury's plans to reintroduce the £125,000 threshold for the tax at the end of September (via a step-down from £500,000 to £250,000 on June 30) hardly inspires confidence in the government's broader promise of reform. Rather, it suggests that when it comes to the bold decision-making needed to overthrow Britain's outdated housing system, we've been landed with another government that is simply not up to the job.

It's rare you find such strong consensus between economists on the left and right, but stamp duty is so obviously distortive and burdensome, it manages to unite them. Paul Johnson from the Institute for Fiscal Studies describes stamp duty as the "worst designed and most damaging of all taxes". In theory it's a transaction tax on property; but in practice it works as a tax on movement. People are punished for upsizing their home to cater for a growing family, pensioners deterred from downsizing to somewhere that better suits their needs.

Workers are discouraged from relocating to another part of the country; even loved ones are disincentivised from moving to be closer together. As a result, people hunker down, in homes and locations that no longer suit their lifestyles. This constricts the housing supply even further, which the UK market can ill afford.

Britain has a woefully low supply of housing compared with other European countries, and this has directly translated to higher costs. This is the real culprit in our housing mess — something that the government's planning bill starts to tackle by removing barriers to housebuilding. But having fallen short for decades, it's going to take both planning and tax reform to get the next generation on the housing ladder.

The stamp duty holiday has been far from perfect: as with any government intervention in the housing market there are always unintended consequences. Despite experiencing the biggest economic contraction in 300 years, house prices increased significantly over the past year, up 8.6 per cent on the year in February. It's estimated that the stamp duty holiday played a role in this rise, transferring the money that would be paid to the taxman to the private seller instead.

As it happens, tax receipts are up too: stamp duty receipts in the first three months of this year were 1 per cent higher than receipts in the first quarter of last year. That is to say, the tax break raked in more money for the Treasury, as it encouraged more transactions and removed the disincentives for buyers to press ahead. It's not a perfect science, as the time-limited nature of the tax holiday will have pushed plenty of purchases forward. But it suggests the government's current tax structure isn't fit for purpose — as we learnt with corporation tax in the 2010s, lower rates can lead to more activity — and revenue.

In many ways the case for overhaul has only grown during the holiday: but, most important, it opened the door for the government to go even further and abolish the tax altogether.

Since the upset in Hartlepool last week, the government can now boast an 81-seat majority, and with it power to make real change. The housing crisis has long been overdue for its moment in the spotlight, and tinkering at the edges simply won't cut it. Indeed, mild meddling has often served to make things worse: Help to Buy poured petrol on demand for homes that are in limited supply, raising the costs for those who weren't in a position to benefit from the scheme. It seems likely the government's new, 95 per cent mortgage guarantee for first-time buyers will go the same way.

Similarly, the stamp duty holiday can only be hailed a success if it transfers from a gimmick to a complete redesign of how we tax property, which should include a rethink of council tax and how we value land. Stamp duty isn't the only issue plaguing wannabe buyers, but tossing it out is undoubtedly part of the solution.

Renewing the housing market is a difficult area for the Tories politically. Pushback is bound to come from the nimby wing of the party, which is by no means an inconsequential part of the voter base. But if not now, when? Slim majorities and political instability are no longer an excuse: what stands between the public and accessible housing is the drive and will of politicians to fix our broken system. A good show of their intentions would be to start by scrapping one of Britain's most distortive taxes, which has been perfectly primed to go.

British retailers say closures and job losses still a risk despite lockdown easing

Trade body urges government to deliver on promise to reform business rates to protect sector

Store closures and job losses are a threat to Britain's retail sector despite an increase in activity following the easing of lockdown restrictions, the government has been warned by the industry's trade body.

The British Retail Consortium said a pick-up in April as non-essential stores reopened should not be seen as evidence of full recovery and urged ministers to make good on their promises of reform to business rates.

The BRC's monthly update reported that in the final three weeks of last month, non-food sales were up by about 25% when compared with the levels of spending seen in March, when restrictions were tighter. Non-essential retail opened in England and Wales on 12 April and at the end of the month in Scotland and Northern Ireland.

Meanwhile, a separate report from Barclaycard said spending and confidence were both up but a full recovery in hospitality would be delayed until bars and restaurants were able to take customers inside.

Helen Dickinson, the BRC's chief executive, said: "Many fashion retailers saw an uptick in sales, particularly in outerwear and knitwear, as the public braved the cold spring weather for outdoor meeting and dining with friends. Furniture also saw a boost as consumers can once again try before they buy.

"However, this sales growth is fragile. There is little competition for share of spending while parts of hospitality, leisure, and tourism remain restricted and inner-cities and town centres continue to perform poorly as many people continue to work from home."

Dickinson said there were 530,000 people working in retail still on furlough, adding that he end of wage subsidies and full business rate relief jeopardised the future of many stores and the jobs of those who depend on them.

"The government must deliver on its promise to reform the broken rates system in their ongoing review and reduce the financial burden on retailers, or risk more unnecessary store closures and job losses."

Barclaycard said consumer spending grew 0.4% in April compared with the same period in 2019, while confidence in the economy was at its highest level since the onset of the pandemic. Spending in bars and pubs was down by 67% in April compared with April 2019.

Raheel Ahmed, Barclaycard's head of consumer products, said: "The economy should hopefully gather momentum as we head into the summer and see the reopening of indoor hospitality venues. Yet what is most encouraging is that the easing of restrictions seems to have lifted the nation's spirits, with many Brits relishing the simple pleasures of dining out and making social plans."

Over 1m homes in England with planning permission not built

Local Government Association says 2.78m homes approved since 2010-11, with only 1.6m built

More than 1.1m homes that received planning permission in England over the last decade are yet to be built, according to the Local Government Association, which called for new powers to be given to councils to encourage developers to build housing more quickly.

The LGA, which represents 327 of the 333 councils in England, said that 2.78m homes have been granted planning permission by councils since 2010-11, but over the same period only 1.6m have been built. The number of planning consents granted for new homes has more than doubled since 2010, with nine in 10 planning applications being approved by councils.

The LGA said the Queen's speech should include legislation that enables councils to charge developers full council tax for every unbuilt development when the original planning permission expires.

The government should also make it easier for councils to use compulsory purchase powers to acquire stalled housing sites, or sites where developers do not build to timescales agreed with a local planning authority.

Developers have ramped up homebuilding in recent years since the slump caused by the 2009 financial crisis, with completions reaching 210,600 in 2019-20 – the highest level in the past 10 years. But this falls far short of building the 300,000 homes a year the government has pledged.

The Home Builders Federation denied that builders were sitting on land unnecessarily. Andrew Whitaker, its planning director, said: "Whilst housing supply has doubled in recent years the planning process remains the biggest constraint on further increases.

"Many of the homes included in these numbers will have actually been completed or are on sites where construction work is ongoing. Others will only have an initial consent and be struggling their way through the treacle of the local authority planning departments to get to the point where builders are allowed start work."

Joshua Carson, head of policy at the consultancy Blackstock, said: "The notion of developers 'sitting on planning permissions' has been taken out of context. It takes a considerable length of time to agree the provision of new infrastructure on strategic sites for housing and extensive negotiation with councils to discharge planning conditions before homes can be built."

The LGA says only by building more council homes can the housing crisis be tackled and the government's housebuilding target be met. It is calling for councils to be given the powers to kickstart a social housebuilding programme of 100,000 homes a year. Polling by the association has found that 80% of MPs and 88% of peers think councils should have more financial freedoms and powers to build new homes.

Cllr David Renard, the LGA's housing spokesperson, said: "It is good the number of homes built each year is increasing. But by giving councils the right powers to incentivise developers to get building once planning permission has been granted, we can go further and faster … We need the Queen's speech to deliver the reform needed to enable councils to tackle the housing crisis."

Whittaker said: “We would welcome a contribution by local authorities towards housing supply but regardless of who builds the houses, evidence clearly shows that if we are to reach the 300,000 target many more permissions will need to be granted. It is vital that planning departments are sufficiently resourced and that applications are processed efficiently so that work can begin on sites more quickly.”

Breckland councillor 'relieved' as toilet tax axe finally becomes law

Years of campaigning by a Breckland councillor for business rate charges on public toilets to be scrapped have finally paid off.

West Norfolk Council officials believe a change in the law on the issue will save their authority tens of thousands of pounds alone.

And Peter Wilkinson, who began lobbying for the change while David Cameron was Prime Minister, hopes the measure will make a difference right across the country.

Peter Wilkinson with South West Norfolk MP Liz Truss.Peter Wilkinson with South West Norfolk MP Liz Truss. He said this week: “I feel so proud in my involvement, and relieved the bill passed.

“I hope councils will ringfence the saving to keep toilets fit for public use.”

Under the Non-Domestic Rating (Public Lavatories) Act, which was recently given Royal Assent, business rates will no longer be payable on public toilets. The exemption will also be backdated to April 2020.

The act follows commitments made by both the current Chancellor, Rishi Sunak, and his predecessor, Philip Hammond, in Budget statements during the last four years.

A West Norfolk Council spokesman told the Lynn News this week that they expected the change would save them £27,000 alone.

The saving for Breckland Council is expected to be lower, as the authority only maintains one public toilet block itself.

But Mr Wilkinson, from Narborough, who represents the Nar Valley ward on Breckland Council, said he expects the new law to benefit district and parish authorities, many of whom have taken on the work in recent years, by tens of millions of pounds nationally.

And he urged the government to repay the backdated rates back to councils quickly.

The campaign began at a time of broader concern about the level of provision of public toilets and was supported by the British Toilet Association.

Mr Wilkinson paid particular tribute to the area’s MP, Liz Truss, for her help in enabling him to make the case to the Treasury.

He said: “I know it would not have happened without Elizabeth speaking to the two chancellors on my behalf especially when she was the first secretary to the Treasury.”

He also praised the former North West Norfolk MP Lord Bellingham and the ex-Broadland member Keith Simpson, both of whom stood down from the Commons in 2019 General Election for their support.

House builders should be slapped with council tax on undeveloped land, say local leaders

HOUSE builders should pay council tax on undeveloped land because a million homes with planning permission are not yet built, say local leaders.

Not a single brick has been laid at thousands of developments, according to the Local Government Association.

It wants developers to be charged council tax on empty plots so they build new homes quicker.

The LGA found 1.1 million homes have planning permission but are still on the drawing board.

It adds up to 2,782,300 homes receiving planning permission since 2010-11 but only 1,627,730 built.

The LGA's David Renard said: "Councils are committed to working with government and developers to build the housing the country needs.

"It is good the number of homes built each year is increasing.

"But by giving councils the right powers to incentivise developers to get building once planning permission has been granted, we can go further and faster.

"Councils are granting permission for hundreds of thousands of homes but families who desperately need housing cannot live in a planning permission.

"This is why we need the Queen's Speech to deliver the reform needed to enable councils to tackle the housing crisis."

One in seven shop fronts empty as COVID batters high street

There are now 5,000 fewer stores on the UK's high streets since the start of the pandemic, the British Retail Consortium (BRC) estimates.

This means one in seven shops now lie empty, said CEO Helen Dickinson.

"The forced closure of thousands of shops during the first quarter of 2021 has exacerbated already difficult conditions for the retail industry," she added.

Shopping centres, many of which were forced to close for a large portion of the pandemic, were the worst-hit of all retail locations, with over 12% of units lying empty for a year or more.

"With full business rates relief and the moratorium on aggressive debt enforcement ending in England this summer, many stores may never reopen," warned Dickinson.

She urged the government to ensure the ongoing business rates review "leads to reform of the broken system and permanently reduces the cost burden which is leading to unnecessary stores closures and job losses."

The BRC, along with Local Data Company, also revealed that in the first quarter of 2021, the overall rate of vacant units increased to 14.1% from 13.7% in the last quarter of 2020.

This was 1.9 percentage points higher year-on-year and marks three years of increasing vacancy rates.

All locations saw an increase in vacancies in Q4, with shopping centre vacancies increasing to 18.4% from Q4 2020's 17.1%.

On the high street, vacancies increased to 14.1% in the first quarter, in line with the overall rate and up from 13.7% the previous three months.

Retail park vacancies had by far the lowest rate of increase. They ticked up slightly to 10.6% in Q1 2021 from 10% in Q4 2020.

"We would argue that we have not yet seen the true impact of this third lockdown and this will only be obvious once the market has had the chance to re-open fully," said Lucy Stainton, director at Local Data Company, said.

But she said the early indications from the first few weeks of the easing of restrictions shows "there is still significant demand for physical retail and eating out."

"Hopefully, as consumer confidence continues to build momentum with reduced COVID-19 cases, more of the population vaccinated and warmer weather, further fall out from the pandemic might be mitigated somewhat."

She also said that the increase in vacancies may be stabilised with retail properties being converted to office space and residential property.

Business rates appeals soar as property experts slam government's ban on Covid-19 review requests

Business rates appeals have soared since the beginning of the pandemic, with experts branding the government's decision to block reconsiderations based on Covid-19 as a "material change of circumstance" as a "disgrace".

The latest figures showed that, between 1 April last year and the end of March 2021, 409,430 checks had been lodged by firms, launching the first stage of the appeals process, according to Colliers data.

In comparison, 158,910 checks were registered in the previous three years since the start of the list in April 2017 to end of March 2020, demonstrating the business disruption caused by Covid-19.

However, last month the government said it would legislate to rule out coronavirus related "material change of circumstance" appeals for businesses that were ineligible for the waived fees for the hospitality, retail and leisure sectors.

Instead, HM Treasury announced it would provide a £1.5bn pot to be distributed across the country to sectors that have "suffered most economically".

"Allowing business rates appeals on the basis of a 'material change in circumstances' could have led to significant amounts of taxpayer support going to businesses who have been able to operate normally throughout the pandemic and disproportionately benefitting particular regions like London," the Treasury said in a statement last month.

However John Webber, head of business rates at Colliers, today branded the decision a "disgrace".

"These latest figures explain why the Government acted as it did and why its Valuation Office Agency (VOA) was allowed to change the law - to prevent 400,000 business ratepayers who felt their bills were unfair - from contesting them," he said.

"It's a disgrace. The Government ripped up the rule book retrospectively – purely because the numbers were too high.

"Over 400,000 businesses had gone to the trouble of registering through the tortuous CCA appeals system in good faith, so that their cases could be properly assessed, to find the goal posts moved before their very eyes."

Governmental assistance for Leisure and Hospitality

We are now one month post budget with the Government's package of measures designed to assist the leisure and hospitality sector.

These include:-

Rishi Sunak's announcement to the House of Commons that the reduced rate of VAT will be extended until 30 September. The VAT rate of 20% was first cut in July 2020 to 5% for food, drink and hospitality – and this will now continue up to 30 September.

- There will also be an interim rate of 12.5% after September 2021 until April 2022.
- The business rates holiday has been extended from 31 March to the end of June 2021.
- In order to offer longer term assistance to the sector, it will be possible to obtain a 2/3rd discount up to £2 million for business rates from July to December 2021 for those businesses which are unable to reopen – but there is a lower cap for businesses which are able to open.

There are now "Restart Grants" up to £6,000 per premises. However, hotels, gyms and hairdressers which open later will be entitled to apply for £18,000 per premises.

There will however be corporation tax at 25% but those businesses which have profits not exceeding £50,000 will be only caught by a new Small Profits Rate of 19% corporation tax rather than the full rate.

There is also an extension of the furlough scheme until the beginning of October.

Businesses of any size can also obtain loans ranging from £25,000 up to £10 million under a Recovery Loan Scheme which is guaranteed by the Government.

In addition to financial support, since the new Use Classes Order which took effect from 1 October 2020, due to the new Class E, it may be that the leisure and hospitality sector will change from business use to business use without the need for planning consent. As such if the permitted use of the premises falls within Class E such as a restaurant, indoor sport or recreation place, shop etc. you can change to another use within Class E.

Certainly this gives venues much more flexibility.

In relation to large premises, the Evening Standard reported that Hollywood Bowl is looking to expand and offer more "experiences" to shoppers – not just ten pin bowling.

We have already seen that many retail areas now contain, amongst other things, drinking venues with crazy golf facilities – particularly in student areas – and it is likely that ski simulators, e-carting, indoor sky diving will start to take over empty retail premises to improve foot fall. Even snooker halls could make a comeback and add to the retail experience.

Hotel chains in London (including Park Plaza UK, with seven sites across London) confirm that revenue has dropped dramatically (for them - to under £30 per available room in 2020 - from over £100 in 2019 due to lockdowns). However they report that they are seeing positive signs of recovery for the May Bank Holiday and beyond into the summer.

Downing Street has stated that the business rates holiday for the most recent financial year cost £11bn – and obviously there will be more costs incurred in the future. It is however refreshing to hear that some supermarkets have repaid £2bn of business rates and some like Asda have confirmed that it will not take any business rates relief offered.

Most in the sector will feel that this was a good budget from the Chancellor – but there are still concerns as to the effect of Brexit and difficulties in staffing venues – and of course the above assistance is not constant throughout the whole of the industry.

Much of the support benefits larger business and chains. The Budget doesn't help small business to pay the huge unpaid back rent that continues to be incurred by tenants to their landlords. This must be addressed.

Furthermore the benefits brought by the Budget don't apply across the board - so for example the reduced rate of VAT does not benefit gyms and pubs.

UK Hospitality Chief Executive Kate Nicholls also points out that "Cafes have been severely depleted after a year of closure and restrictions and these grants are a very welcome boost putting the sector in a better place to restart" - but obviously cash is still king.

Many venues will have been closed for long periods of time but have incurred a lot of expenditure in relation to social distancing measures, PPE equipment, contactless payments etc. one can only hope that there will be no further lockdowns from now on and there is a long and warm summer ahead of us.

Shop vacancy rates soar as coronavirus lockdowns hit hard

There are around 5,000 fewer physical UK stores since the start of the coronavirus pandemic, meaning one in seven shops now lie empty, according to the British Retail Consortium and Local Data Company.

In the first quarter of 2021, the overall GB vacancy rate increased to 14.1%, from 13.7% in Q4 2020. It was 1.9 percentage points higher than in the same point in 2020.

All locations saw a rise in vacancies in Q4, with shopping centres faring worst of all, increasing to 18.4% from Q4 2020's 17.1%.

On the high street, vacancies were up to 14.1% in Q1 – remaining in line with the overall rate. This was up from 13.7% in Q4 2020.

Retail parks, meanwhile, rose slightly to 10.6% in Q1 2021, up from 10% in Q4 2020. However, it remains the location with by far the lowest rate.

Helen Dickinson, Chief Executive at the British Retail Consortium, says: "After a third national lockdown, it is no surprise that the vacancy rate has continued to soar."

"The forced closure of thousands of shops during the first quarter of 2021 has exacerbated already difficult conditions for the retail industry."

She adds: “With full business rates relief and the moratorium on aggressive debt enforcement ending in England this summer, many stores may never reopen.”

“The government must ensure the ongoing business rates review leads to reform of the broken system and permanently reduces the cost burden which is leading to unnecessary stores closures and job losses.”

“The devolved nations have already agreed to extend the business rates holiday until 2022 and England should consider following suit.”

Lucy Stainton, Director at Local Data Company, comments: “The early indications from the first few weeks of the “unlocking” have shown there is still significant demand for physical retail and eating out.”

“Hopefully, as consumer confidence continues to build momentum with reduced Covid-19 cases, more of the population vaccinated and warmer weather, further fall out from the pandemic might be mitigated somewhat.”

“Similarly we are seeing a lot of redevelopment with retail stores being converted to other uses such as office space and residential property - this too may help stabilise the increase in vacancy we'd otherwise expect to see continue into Q2."

SCOTLAND

Scottish commission proposes land value tax

The Scottish National Party has proposed scrapping business rates, council tax and property transaction duties in favour of a land value tax, to give local government greater control over its resources.

A report from the party’s Social Justice and Fairness Commission published this week said that a levy based solely on the value of land would incentivise development and prevent land hoarding.

It said that council tax is regressive, and despite recent band multipliers reforms, cheaper homes are still taxed more heavily than expensive ones.

The report said: “The commission supports the principle of a land value tax as part of wider reform of property taxation that would ultimately remove our dependence on council tax, land and buildings transaction tax and non-domestic rates.

“We believe that such reform has the potential to provide local government with much greater control over resources available to it than it does at present, although national government would still need to balance resources and needs between local authorities.”

The report said that a land value tax would also expand the taxation base for local government, and it would not focus on commercial and residential property prices.

It added that the current land and buildings transaction tax deters property purchases, but simply abolishing it would lead to a one-off rise in house prices, to the benefit of existing owners and at the expense of first-time buyers.

By implementing transitional arrangements and offsetting anticipated price rises with a property or land value tax, this could be countered, the report added.

SNP said that property owners should pay LVT, rather than tenants, as land values tend to rise faster than rents, meaning landlords benefit from the increased value of land.

The report claimed that LTV could benefit public infrastructure investment, as under the current tax system home or business owners in the vicinity of developments could see their property increase in value, amounting to a tax-free gain.

A land value tax, however, would enable the community to recoup some or all of its investment through the higher tax-take the investment has generated, which could be used to finance infrastructure.

In December, Andrew McCormick, president of the National Farmers Union Scotland, said: "Our view remains that a land tax is entirely unacceptable, and this blunt tool would jeopardise the sustainability of businesses and the ability of industry to meet food and drink targets.

"That said, we fully recognise the role that taxation could have to play in a healthy and vibrant tenanted sector."