IPTI Xtracts

Property Tax and Assessment News from Around the World

United Kingdom – March 2022

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WITH LITTLE FROM THE SPRING STATEMENT, NOW IS THE PERFECT TIME TO QUESTION YOUR BUSINESS RATES BILL

By Anthony Hughes, managing director of RVA Surveyors

It's that time again where new business rates bills for the year ahead are starting to arrive. Will you be reviewing yours, putting it straight in the filing or just passing it on to the finance team to deal with?

As we expected, there were no further changes to business rates in the Chancellor's Spring Statement and with costs for business' escalating at a rate not seen in over a generation, every penny counts. For the majority of firms, business rates represent the third or fourth highest cost to their business yet many do nothing to reduce it or may not even know how to.

Understanding Your Bill

It is important to have a basic understanding of your rates bill. It can be the difference in overpaying or saving thousands of pounds each year. All too often we find clients have missed out on reliefs because the local authority had not informed them; they were unaware they were eligible or that they even existed.

The first thing, above all else, is to check that your rate bill is for the right property(s). It sounds simple and obvious but mistakes happen and you may be unknowingly paying for a property or part of a property that is not yours. On every rates bill, there should be a property reference number. If you put that number into the 'find a property' section of the Valuation Office Agency website it will bring up your property details allowing you to see all of the relevant information in one place to compare against your rates bill.

Your property's Rateable Value will usually be one of the first things you see on your rates bill. All councils present their rates bills differently. You will then find the multiplier (the pence in the pound for what you actually pay), which is usually set out just beneath or alongside the Rateable Value. All you need to do is simply times your Rateable Value by the multiplier and this gives you the Rates Payable. This is the actual amount charged before any reliefs are applied.

Understanding Reliefs

A large number of businesses are in receipt of various reliefs. Some may have more than one. All businesses should question if they are in receipt of the full relief or if there are any additional reliefs that they could claim. You should familiarise yourself with your local authority's website and their business rates pages to find out in more detail about each specific relief.

Credits on your account

What many businesses don't know is that they may have a credit on their business rates account that needs to be claimed and returned – or potentially used to offset against your future liability. If you do have a credit on your account, not all councils publish this and we would recommend that you contact your local authority to enquire.

What's the future for Business Rates?

I don't believe the changes announced as part of the Government's technical consultation are wide ranging or deep enough to support business growth. With ever-increasing costs, the support that has been announced acts as little more than a sticking plaster. Each of the changes involve you having to make significant long-term investment to receive a meagre short-term relief, in the case of Green relief and Investment relief. Freezing the current multiplier, whilst a nice gesture, does not go far enough to support business. In fact, many within the industry, including senior Valuation Office Agency (VOA) officials have publicly called for the multiplier to return to its original 35p (back in the early 90s) rather than the current values.

The movement to a three year list, whilst sold as a benefit to business owners, really only allows the VOA more opportunities to increase the rates paid by commercial property owners and tenants on a more regular basis. Whilst there are a small percentage of businesses that receive reductions at revaluation, they are definitely the minority. At the last revaluation (2017) properties throughout England and Wales saw a combined Rateable Value increase of nearly 9%.

It is interesting that the VOA will soon be putting the onus on businesses to supply information about their properties within fixed timescales, the implication being that this will ensure a property's rating is correct.

What this really shows is that the level of information held by the VOA is not sufficient; they are still only working from basic broad information provided by owners and tenants. In addition to this, the information that is requested and reviewed does not take into account the nuances that exist across all of the individual leases that are in place.

The Government views business rates as an extremely efficient tax with 95% collection rates throughout England and Wales. With little more than a year to go in the current rating list, only one third of all commercial properties have reviewed their business rates according to Valuation Office statistics released in September 2021. This is a startling statistic given the fact we at RVA Surveyors find that 50% of all the properties we review could achieve a reduction or rebate that could go as far back as April 2017.

Can you afford not to check your rates bill and review your business rates? There could be thousands at stake!

If you feel that you are paying too much or have been overcharged, RVA Surveyors are here to help reduce your historic and future business rates liability.

STATEMENT BY THE MINISTER FOR FINANCE AND LOCAL GOVERNMENT: NON-DOMESTIC RATES REFORM

In February 2021 I published 'Reforming Local Government Finance in Wales: Summary of Findings'. Alongside reforms to council tax, this comprehensive report explored how the non-domestic rates system could be improved, considered changes to the current tax and looked at the potential for a more fundamental shift towards a land value tax.

Non-domestic rates have been an important part of the local government finance system for more than 30 years. Ensuring vital revenue is collected to fund local services that we all use and securing a fair and sustainable contribution from businesses has always been a challenging balance to achieve. This is a constantly evolving situation and the Welsh Government recognises the need to review and adapt local taxation policy to meet existing and emerging challenges.

On 7 December I announced our plans for significant council tax reform. Today I'm announcing a programme of non-domestic rates reform that will be delivered over the next four years. Our programme for government sets out the Welsh Government's ambition for a fairer, greener and stronger Wales. These principles form the basis of any potential changes to the non-domestic rates system.

A crucial aspect of local taxation in Wales is the role played by local government. Their experience and dedication is integral to the effective collection and administration of local taxes. The incredible commitment of local authorities before and throughout the COVID pandemic has been central to delivering rates relief, business grants and council tax support. We will continue to work in close partnership with local government to reform the rates system, drawing on their extensive expertise and local knowledge.

We will also continue to explore opportunities for reform with the Valuation Office Agency and the Valuation Tribunal for Wales. Devolution requires these valuation bodies to operate in new and innovative ways, delivering functions designed for Wales's needs. The Valuation Office Agency operates across Wales and England, and it is vitally important that valuation functions evolve in line with the local tax policy aims of the Welsh Government. Work is under way with both the VOA and the VTW to explore and deliver new ways of working for Wales.

One significant area for change is the revaluation cycle. We have listened to calls from stakeholders for more frequent revaluations, ensuring the tax base reflects the economic conditions and environment in which businesses are operating. We continue to explore how frequently revaluations should and could practically be delivered for Wales, taking advantage of opportunities presented by Wales's unique tax base.

Non-domestic properties across Wales are currently being reassessed for the revaluation that takes effect from 1 April 2023, and will reflect the impact of the pandemic on our tax base. We aim to bring forward legislation to move towards a three-yearly revaluation cycle, in line with other parts of the UK, and are exploring options for shorter revaluation cycles. This includes exploring the potential for reducing the gap between the valuation date and a new rating list coming into effect.

A key requirement for more frequent revaluations will be the need to review and potentially further reform the appeals process in Wales. We'll be taking initial steps to improve the current appeals process for April 2023, with further reform to support more frequent revaluation cycles in the future.

We have made great strides in data sharing and analytical capability in recent years. This has provided detailed insights into how the rates system operates, and has been critical in making informed policy decisions in a rapidly changing economic landscape. We are further developing our data infrastructure as part of our reform agenda. This will help us and our partners to deliver wide-ranging improvements in targeting support and providing digital services for ratepayers.

We will undertake a review of our rates relief schemes. Rates relief has played a crucial role in supporting businesses throughout the pandemic and the overall level of relief provided to ratepayers has grown significantly in recent years. But now is the time to step back and review all of our current schemes to ensure they're fit for purpose and delivering support in the most effective way. Our review will consider the range of reliefs, the level of support, how reliefs are targeted and how long they last.

During the fifth Senedd term, we made advances in addressing fraud and avoidance within the local taxation system. We revised empty property relief to reduce the scope for repeated cycles of rate relief. We also changed the rules on zero-rating for empty properties to allow local authorities to grant zero-rating only in cases where a charity genuinely needs to own or lease an empty building.

The Local Government and Elections (Wales) Act 2021 provides councils with strengthened powers of investigation, including the ability to undertake property inspections and to request information from ratepayers and others. The Act also paves the way for a new duty on ratepayers to notify councils of changes in circumstances, something required of taxpayers under other tax regimes. I intend to bring forward regulations for April 2023. Our ambition to tackle fraud and avoidance remains strong and we will pursue further changes this Senedd term.

While our current programme focuses on changes in the short and medium terms, some options for reform remain priorities for the longer term. We continue to explore the potential for a land value tax as a replacement for non-domestic rates, building on Bangor University's detailed technical assessment last term. Over the next four years, we will move forward with the findings from this report, drawing on a wide range of expertise to develop a clear understanding of what such a significant change would look like for Wales and how it could work in practice. This analysis will include a potential road map for implementation.

We are clear that reform should deliver local taxes that are demonstrably better for Wales, not just different from the current system. We have made significant progress in recent years and further developments will require close working with all our partners and extensive engagement with ratepayers.

This significant package of rates reform will also require a combination of primary and secondary legislative change. I will work closely with the Senedd and stakeholders throughout the exploration and delivery of this ambitious package of rates reform and will, of course, keep Members informed of developments.

REPLACING COUNCIL TAX COULD BE A POLITICAL GOLDMINE FOR JOHNSON – OR STARMER.

Despite Council Tax being highly unpopular, successive governments have put reform in the 'too difficult to touch' box. There has been some tinkering: talk of adding new bands to reflect the significant increase in house prices since the current Council Tax system was introduced in 1991, and recently announced rebates to households in bands A to D.

Both highlighted the crucial link between the cost-of-living crisis and the regressive nature of Council Tax. However, the Government is still uninterested in meaningful reform to our outdated and unfair way of taxing peoples' homes.

With inflation predicted to reach 8 per cent this year and with energy, fuel and food bills on the rise, now is the time for politicians to tackle Council Tax. Doing so would help reduce costs for the vast majority of households across the country. It could also provide major electoral benefits to whichever of the major parties is willing to grasp it.

Extensive polling by JL Partners indicates that voters throughout the UK believe that it is time to replace Council Tax and Stamp Duty with a simpler and fairer Proportional Property

Tax, based on current property values rather than values from over 30 years ago. The findings show that, were the Conservatives to back the proposal, they could gain as many as 60 seats and retain the majority of 'Red Wall' seats they won in 2019. On the other hand, were Labour to back the policy, it could help the party gain as many as 52 seats including 43 in the 'Red Wall', as well as winning back essential seats in Scotland.

The policy has more supporters than opponents in every single parliamentary constituency. Support for the policy is highest among people living in lower value homes in the North and the Midlands as they would benefit the most from significantly lower bills. Across England, households would pay an average £556 less property tax a year, with this annual saving rising to £750 in Blackpool South and as much as £950 in Hartlepool.

The tipping point at which someone is likely to oppose the policy is when they live in a home worth £500,000 or more – in other words, well above the UK average of £260,000. Importantly, the minority who oppose a proportional property tax also say it would not be an issue that would make them vote for an alternative party. So, given the clear electoral benefits, why aren't our political parties fighting each other to back the policy?

When asked about a Proportional Property Tax, the Government responds by saying the tax would mean "soaring bills for many hard-working families and pensioners who have saved and improved their homes". This shows a complete lack of understanding of the policy, which has significant safeguards in place to protect those who live in valuable homes but have limited income – the so-called "asset rich, cash poor".

For those who wish to stay in their high value homes, losses would be capped so that, at the point of transition, no-one would pay more than £1,200 more a year than they currently do. For anyone unable to pay this, there would also be the ability to defer payment until the property was sold.

Although the Government has missed the point about the Proportional Property Tax, the Labour leadership has also displayed a deafening silence on this issue. This reflects that the Opposition has a large number of seats in and around London, where house prices have sky-rocketed in recent years. But the latest polling makes it clear that Labour's concerns about how these voters would respond to a proportional property tax are misguided.

Meanwhile, a surcharge for foreign-owned, empty, and second homes would ensure that international buyers in London pay amounts in property taxes closer to what they might expect in New York or Paris. This would limit the scope for property being used to facilitate economic crime and act as a much-needed control on skyrocketing house prices. The surcharge generates £4.5 billion in tax revenue, which can be used to lower local tax bills for households up and down the country.

Importantly, the policy would generate a surplus of £5.6 billion for the Treasury. Such proceeds could be used to help fund adult social care or limit the recently announced increase in National Insurance. Doing so would be an eye-catching manifesto pledge.

What other tax reform helps to ease the cost-of-living crisis for hard-working families, boosts the public finances to the tune of £5.6 billion, and wins seats at the next election? The Proportional Property Tax would tick all three boxes. If a different yet beneficial reform exists, neither party has yet shared it with the electorate. This reform could be a game changer for the Prime Minister. As the cost of living rises and Sue Gray looms, it is one he should reach for immediately.

THE "BACK IN BUSINESS" RATES SCHEME - DOES IT DO WHAT IT SAYS ON THE TIN?

Finance Minister Conor Murphy last week unveiled a "Back in Business" rates scheme which offers businesses a 50 per cent rates discount for up to two years if they take up occupancy of a vacant premises

THERE is no doubt the Department of Finance's rates holiday, in March 2020, was the right thing to do at a time when most businesses were forced to close for at least a number of months during the first lockdown, and for many on a number of other occasions through to the end of 2021.

This was a difficult time for many businesses, and particularly in the retail and hospitality sectors where the various restrictions meant that they did less trade than normal - even during times when lockdowns were periodically lifted.

Heading into 2022 with renewed optimism, these businesses and their owners, no doubt, looked forward to the return of a more 'normal' way of working. But, unfortunately, after wintering almost two years of restricted trading, many are left with little to no cash reserves to bolster their businesses and provide the working capital needed to prosper.

The Department of Finance, in recognising the importance of the lifeline provided by the rates holiday which was due to end this week, recently announced an extension until July for businesses in retail, hospitality, tourism, leisure, childcare, newspapers and airports.

Other business classes will see an extension of the scheme until the end of April. The objective of this all being to give businesses a chance to get back on their feet, in a normal (free from Covid restrictions) trading environment.

Just last week, the Finance Minister unveiled a "Back in Business" rates scheme which offers businesses a 50 per cent rates discount for up to two years if they take up occupancy of a vacant premises.

Referencing the 12,500 unoccupied premises across Northern Ireland, this is no doubt a welcome initiative to aid in the recovery and revitalisation of the high street; remove the burden of vacant property costs from the landlord; and ignite some new businesses who in turn could create jobs and contribute to the economic activity within their locality.

And while all this is positive, I can't help but ask, what about the existing businesses? The one's who already provide employment, contribute to the economy and rely on their business success to support their families already. It is these entrepreneurial people that I work with across the high streets of Northern Ireland on a daily basis, who continue to fear for the future of their efforts in an uncertain world with ever changing consumer habits and inflationary pressures to boot.

While the extension of the rates for existing businesses is welcome, it is also concerning that immediately after, these people will be expected to return to paying full rates, at a level which is heavily disputed as being out of kilter with market values and viability. Business rates are often the second biggest fixed cost after rent, tied in for the term of lease and with no remorse when the going gets tough.

In my view, the Department of Finance would have been better placed to consider a longer term and stepped approach to reintroducing rates for existing businesses. The 50 per cent relief offered to new tenant's would have been better provided to those already working tirelessly to keep their existing operations alive. Instead, while they pay out the full rates levy, their new competitor next door will have the advantage of lower overheads from the get go.

Of course, the department might argue that their upcoming Re-val in 2023 will be the answer to all and the fuel to drive the economy forward. Unfortunately, the failings of the 2020 Re-val which struggled to deliver the necessary and fair reform needed for many years, leave a lot to be desired and would not encourage confidence going in their ability to bring about the necessary change.

In fairness to Conor Murphy, he recognises that the issue exists and has gone further than most in the role to make the necessary changes. Still, more must be done to save our small businesses and especially now, in an era of spiralling costs and global uncertainty.

Garrett O'Hare is managing director of Bradley NI, a commercial and residential property agency with offices in Belfast and south Down

PROPERTY TAX ALTERNATIVE TO STAMP DUTY WINS SUPPORT OF MPS

At least 18 MPs have come out in favour of a new annual Proportional Property Tax which would be levied on the current values of homes.

The PPT, advocated by a campaign group called Fairer Share, would replace council tax, which is currently based on 1991 valuations of properties, and would replace stamp duty land tax as well.

The campaign wants the PPT introduced at a flat rate of 0.48 per cent of the property value, and describes it as new tax that would "raise a surplus of £5.6 billion for HM Treasury and is a way for the government to overhaul a deeply regressive and unfair system."

It is claimed that such a move could lead to bills falling for 77 per cent of the country, with the average household likely to be £556 a year better off - however, there would be substantially increased bills for almost a quarter of households.

The Fairer Share campaign says the PPT replacing stamp duty would "remove a barrier to homeownership for millions of young families and make it easier for older households to downsize. Our proposed PPT would instead spread the burden of stamp duty across 23m homes, which would mean that, instead of one large tax bill each time someone buys a home, the tax is spread across the period of property ownership."

The MPs backing it are evenly split - nine Labour and nine Conservative. Prominent amongst the MPs are Conservative Kevin Hollinrake, the former chair of Hunters estate agency group, and Labour's former shadow chancellor John McDonnell. There are also several Conservative, Liberal Democrat and cross-bench members of the House of Lords in favour, too, along with Labour's Greater Manchester Mayor Andy Burnham.

The tax would include a surcharge for second homeowners and foreign owners of UK property, gathering a further £4.5 billion, advocates say.

The campaign has commissioned a 4,000 person poll suggesting that the introduction of such a tax could determine who won the so-called 'Red Wall' seats at the next General Election - seats won by the Tories in 2019 and attributed with giving them a substantial majority in the House of Commons.

One of the MPs in favour - Hartlepool Conservative Jill Mortimer - writes on the Fairer Share website: *"The absurdity of the council tax system is such that households in my own constituency currently pay out an average 1.31 per cent of their property's value every year, while for residents of Westminster the council tax burden stands at just 0.09 per cent. In other words, council tax rates in Hartlepool are higher than they are for comparative bands in many other, and often much more affluent, areas of the country.*

"Even with the rebates, council tax will still be a system that favours millionaires rather than the millions. By taking bolder action to minimise the pain caused by council tax, the Chancellor would be steering the levelling up agenda towards a place where it can make a real difference to voters' wallets today rather than in a decade's time.

"To deliver for voters in the red wall and beyond, the Government could revisit the outdated council tax banding system, which is based on 1991 prices and favours taxpayers in those areas where house prices have surged the most. This would be a much-needed step in the right direction. We should look closely at killing off council tax and replacing it with a fairer system."

Last year the Daily Mail, citing unnamed government sources, said a version of the PPT was under consideration by the Treasury but then abandoned when it was discovered that the quarter of households paying higher bills were predominantly in Tory heartlands in the south of England.

MOST COUNCILS HAVEN'T SHARED A PENNY OF PANDEMIC RATE RELIEF

A £1.5 billion pandemic relief scheme for businesses has been described as a travesty after research found that most of the money has yet to be distributed a year after it was launched.

Last March Rishi Sunak said that the scheme, set up to support companies in England with business rates bills during the Covid crisis, would provide cash "quickly and fairly" via councils. However, research shows that fewer than one in three councils has made any payments from the relief fund.

Two thirds of local authorities are yet to "establish any kind of scheme" to distribute the money, according to Gerald Eve, the property consultants which conducted the research,

The business rates relief fund was aimed at businesses affected by the pandemic but excluded the retail, hospitality and leisure sectors, which were given a rates holiday worth £16 billion. Companies that did not qualify for the holiday had been appealing for discounts on their business rates bills saying that the pandemic represented a "material change of circumstance".

The government legislated to ban these appeals, saying "market-wide economic changes to property values . . . can only be properly considered at general rates revaluations". Instead it offered the £1.5 billion pot, saying the money would go to sectors which "have suffered most economically".

Jerry Schurder, of Gerald Eve, said: "The government claimed [the fund] was the fastest and fairest way of getting support to businesses that need it the most, but the past year has shown this to be complete hyperbole. In fact, the opposite is true."

He said that the government bore responsibility for the delay since the sums each council would be allowed to distribute were only confirmed in December. Councils are each having to set up their own distribution process which he said had created further delay.

Of the 309 councils in England, to date only 100 have started making payments, Gerald Eve found. It said that of the schemes that were in place, 46 did not provide an indication of the size of potential payments, with some stating that relief would only be decided once all applications had been received "giving struggling businesses no financial certainty and pushing the prospect of them receiving any cash even further into the future".

Schurder said: "It's a case of too little, too late for the hundreds of thousands of firms that were retrospectively denied their rights to appeal their rates bills, but have yet to receive a penny from the local authorities. It's a travesty that funds meant to support businesses through the pandemic have, for the most part, never actually reached them."

He added that where councils had put schemes in place "onerous documentation requirements, a lack of clarity on what businesses will receive and when, arbitrary caps on the relief provided, and paltry sums potentially available are proving a real deterrent".

The Local Government Association said that all councils were now proceeding with their schemes.

A government spokeswoman said: "Councils are responsible for allocating funding and targeting it to businesses, based on local circumstances."

UK EXHIBITORS WELCOME LIMITED BUSINESS RATE RELIEF TO HELP WITH RISE IN INFLATION

UK film exhibitors have broadly welcomed business rates changes that the UK government claims will save the average cinema nearly £25,000 a year.

According to the government's Spring Statement, the average cinema, with a rateable value of £95,500, will now save £24,000 through a new temporary 50% business rates relief. Meanwhile, the business rates multiplier will be frozen in 2022-23, which, the government suggested. represents a tax cut for all ratepayers worth £4.6 billion over the next five years.

However, industry figures have pointed out the headline figures are misleading.

“We would be wrong not to welcome [the support]. However, the devil, as always with these things, is in the detail,” said Phil Clapp, chief executive of the UK Cinema Association (UCA). “It’s clear there is a limit on the benefits that each individual business can take from these changes.”

The Spring Statement news follows on from an earlier announcement made in December (as part of the government’s 2022/23 Retail, Hospitality and Leisure Relief Scheme: local authority guidance) in which the business rates changes were first mooted.

“There is a cap of £110,000 benefit cap per business on the rates relief,” said Clapp. “So while there may be a potential per venue benefit of an average of £24,000, no company can gain more than £110,000 from these changes, meaning that companies with 100 plus sites such as Odeon, Cineworld, Vue, etc., might have hoped to see something along the lines of 100 x £24,000 so £2.4m of benefit, they will in fact see a great deal less.”

The business rates change only apply to England but it is expected the other UK nations will introduce similar measures. This might provide extra benefit for cinemas chains with sites in Wales, Scotland and Northern Ireland as well as England.

“Optimistic”

In recent months, cinemas have benefitted from a discount on VAT. Next week, in what is a clear blow to the sector, that discount will disappear. Even so, Clapp said UK exhibitors are generally optimistic about prospects for 2022/2023.

“More broadly, I think people are very positive,” Clapp said of the mood among UK cinema exhibitors, both majors and independents. “Going into the New Year, we had a situation where Bond and Spider-Man had done extraordinary business but there was undoubtedly a concern that the mid-table films, the £30m-£50m box office films, weren’t quite hitting the numbers. What we have seen since then, with Sing 2, Uncharted and The Batman, is absolutely a return of a broader audience.”

Clapp predicted 2022 UK box office wouldn’t “get back to 2019 levels of business” but added there was “a confidence” that 2023 box office and admissions would be closer to pre-pandemic levels.

The UCA’s own audience surveys have confirmed the older, female audience has been slow to return to UK cinemas in the wake of Covid. “But that is not related to anything to do with cinema,” suggest Clapp. “It’s just a more general concern about where the pandemic is and levels of risks. That group has not been doing other things rather than going to cinema,” Clapp pointed out there are actually more cinemas open in the UK now than at the start of the pandemic. He also said that exhibitors were very conscious about affordable admissions prices in a period of rising inflation in the UK.

SCRAP COUNCIL TAX! TORIES URGED TO CARRY OUT RADICAL REFORM OR RISK LOSING POWER TO LABOUR

SCRAPPING Council Tax would help the Tories hang on to 'Red Wall' northern seats at the next general election, the Fairer Share campaign group for tax reform said today.

Such a move could save the average household as much as £556 a year as the cost of living crunch bites. Polling shows that voters in the North of England are strongly in favour of reforming the levy and that every constituency in the country backs a new property tax.

The findings come as both Conservative and Labour MPs urge the Government to reform the "outdated and unfair" system with council tax bills set to rise next week.

A poll of 4,000 people conducted by JL Partners for Fairer Share reveals widespread support for replacing Council Tax and Stamp Duty with a Proportional Property Tax (PPT).

This would be levied on the current value of properties rather than on 1991 levels.

Such a move could lead to bills falling for 77 percent of the country, with the average household likely to be £556 a year better off.

The polling found that the policy could be a "game changer" at the next election.

Were Labour to introduce a PPT, the policy could help the party gain as many as 52 seats including 43 in the so called 'Red Wall'.

They could also make gains in Scotland and would see their vote share increase among swing voters by net 15 per cent.

If the Conservatives were to back the policy, their share of swing voters would increase markedly with 41 percent of undecideds more likely to lend their support to the party. Replacing Council Tax could see them gain as many as 60 seats in the next general election compared to their current position and hold on to the majority of Red Wall seats they won in 2019.

In Bury North, the most marginal constituency in England with a Tory majority of just 105, Labour could win 59 percent of the vote were the party to back a PPT.

The average household in the constituency would be better off to the tune of £550 a year.

A similar outcome would occur in Bolton North East, the study shows, with the average household in the constituency better off to the tune of £700 a year.

Many households face annual council tax hikes from next month.

According to the Chartered Institute of Public Finance and Accountancy the average household will pay £65 more than they have this year.

Findings from the polling add to the growing pressure for change with leading politicians from across the political spectrum publicly supporting calls for change including a number of MPs in Red Wall seats.

Conservative MP John Stevenson, Deputy Chairman of the Northern Research Group, said: "If the Conservative Party wants to deliver for voters and retain the 'red wall' seats that we won at the last general election then making our property taxes fairer is one of the ways to do it.

"We can now see clearly that voters in many marginal constituencies and others are overwhelmingly in favour of scrapping Council Tax. In its place they want a system of proportional property tax that would mean lower bills for the majority of households up and down the country."

Fellow Tory Aaron Bell, the MP for Newcastle-under-Lyme, said: "Abolishing council tax and stamp duty and replacing them with a fairer property tax is the right thing to do for millions of people up and down the country. And, with voters across the UK backing a proportional property tax by over three to one, I believe it is also the right thing for the Conservative Party, helping secure for the long-term the support of those voters who switched to us in 2019."

And Simon Fell, Conservative MP for Barrow and Furness, added: "Now we know that the majority of people in constituencies up and down the UK want a simpler and fairer property tax system, there is no excuse for politicians not to deliver.

"Rather than sticking with an unjust and outdated council tax system, my party should go into the next general election promising voters a modern and progressive proportional property tax. This much-needed reform would lift a disproportionate burden from young people while delivering lower bills for millions of hard-pressed households across the country."

Dame Margaret Hodge, the Labour MP for Barking, said the existing system of property taxation in the UK is "deeply flawed and highly regressive."

“Now we can see that voters overwhelmingly want a fairer system, we urgently need to have serious debate about delivering exactly that. As the Government preside over a cost-of-living crisis and we head into a spring of tax hikes and soaring prices, there is a stronger case than ever for looking closely at a proportional property tax which would result in permanently lower bills for most households with no cost to taxpayers."

BUSINESS RATES - GOVERNMENT SLAMMED FOR LACK OF CLARITY

The government has failed to take the opportunity of the Spring Statement to provide clarity on its business rates reform agenda, a leading agency claims.

John Webber, head of business rates at Colliers, says: “Although this was primarily a “consumer led” Spring Statement … it was disappointing that the elephant in the room - business rates - was largely ignored, despite the impact that ultra-high rates bills has had on businesses in recent years.

“The Chancellor reiterated the 50% business rates discount for the retail, leisure and hospitality sector as of April 1 but with a cap of £110,000 per company, this will only support the smallest businesses in the sectors and will do little to help the larger companies who account for the majority of jobs.

“Any support to businesses in other sectors of the economy was also totally lacking.”

He also warns that the promised revaluation next year may mean bills will come down for some business sectors, “but this will be meaningless if the government does not allow business rates reductions to be implemented immediately rather than spreading them over the years of the list in a transitional arrangement as it did in the last list of 2017.”

Webber adds that business rates have been a key influence in the demise of Toys R Us, Laura Ashley and other high street brands and had a major impact on the high streets of many of the UK’s provincial and poorer towns - areas of the country the government claims it now wishes to “Level Up.”

He continues: “Retailers and other high street operators will be now considering their business plans now for next year and looking closely at their future business rates liabilities, particularly when the Covid-related reliefs come to an end.

“It is essential the Chancellor provides reassurance that rates bills next year will immediately reflect the lower rents we are seeing in the market now - providing incentives for businesses to keep or expand space and for property investors to invest in the sector across the UK.

"Without this reassurance the government's levelling up agenda will be meaningless. And the high street unlikely to get back on its feet. We are disappointed the Chancellor was not more forthright in his statement."

REFORM OF BUSINESS RATES IS OVERDUE. THAT DOESN'T MEAN I SHOULD PAY THEM

If you work from home, should you pay business rates? Is that the sound of fellow kitchen warriors spitting out their home-brewed coffee in horror at the idea? Yes, I think it is.

Bear with me. It is the idea of David Moore, a restaurateur and a pretty successful one at that, but he is cheesed off at us lot still swanning around in our joggers and avoiding the office. He owns and runs Pied à Terre, a Michelin-starred restaurant serving French food to diners prepared to fork out £140 on a ten-course tasting menu or, if you are feeling the pinch, £65 for a four-course lunch.

If you want to try its fallow deer with boudin blanc you need to head to Charlotte Street in the centre of London, one of those rather attractive thoroughfares where the capital's developers have yet to tear down every one of the Georgian houses (though it is only a matter of time). Among all the offices, there are lots of restaurants, cafés and an excellent newsagent. There are even a couple of residents who live on the street.

This is where Moore's chagrin comes in. He has a neighbour who owns a house on Charlotte Street and pays £3,000 in council tax each year to Camden council. Moore pays £62,000 in business rates to Camden council.

The rates, in theory, are designed to pay for all the services that the council provides, such as lighting and keeping the streets nice and clean. Pied à Terre, though, has to pay about £1.30 for every 5kg bag of rubbish that is collected, which he estimates adds up to £16,000 a year on top of his rates. Why does Moore have to pay £62,000 a year when his neighbour pays £3,000, which includes getting his rubbish collected?

His brainwave about business rates is prompted by central London, at times, still resembling a ghost town. Tube travel on Monday this week was at 60 per cent of pre-Covid levels, while Bloomberg's Pret index shows that footfall at the sandwich chain's Canary Wharf and City shops is at 86 per cent.

Moore has cut his 35 staff down to 23 and reduced the number of times he is open during the week. Why bother opening on a Monday when there are just not enough office workers with expense account wallets to justify turning on the lights and firing up the ovens?

Now, as a method to force people back into the office, levying business rates on home workers is a terrible idea. For starters, there is very little evidence that UK productivity has suffered from millions of people working from their spare bedrooms.

If HSBC, Lloyds or Deutsche Bank have let go of some of their office space, saving on rent and lowering their business rates, should workers fill this hole in the Treasury's coffers?

No. But Moore's flawed idea does highlight the desperate need to radically reform business rates, a nettle that the government has avoided grasping for years. Business rates and council tax are both, in effect, a property tax, and it is lunacy that one is based on rental value and the other on the 1991 capital value of the property.

British policymakers do not have to look far to find a possible solution. In the Netherlands, business rates were shaken up in the 1990s to bring them more in line with municipal property tax, their equivalent of council tax.

Both are based on capital values, making it far easier to compare the two. This avoids what Thomas Aubrey, at Credit Capital Advisory, calls "the arbitrage effect", whereby residential housing in the UK, in effect, enjoys a substantial tax subsidy. He was one of the authors of a report published by Centre for Cities that argues that the UK should adopt the Dutch model, which is far simpler and, crucially, involves an annual valuation.

Under the British system, business rates are revalued every seven years. By the time a shop or restaurant gets its new bill, the economic fortunes of a particular street or town can have changed dramatically. The boom in ecommerce and the resulting surge in the price of warehouses is not reflected in business rates at all and will not be for many years.

Business rates over here are just too complex. For example, abattoirs have different rates for 38 different zones of the property including cold storage, the lift shaft, loading areas, the boardroom and staff lavatories, which are subject to different business rates from public ones.

In the Netherlands, rates are a simple percentage of the property's value. So, for instance, in Amsterdam the business rates are 0.27 per cent of the property value and the municipal property tax is 0.15 per cent. In Rotterdam it is 0.62 per cent for business rates, 0.36 per cent for municipal tax.

The Centre for Cities report highlighted how, when the Dutch started re-evaluating business rates annually, they discovered that it was much more efficient, reducing annual costs, while the number of appeals dropped by more than 80 per cent because most taxpayers believed they were far fairer.

Crucially, it may have played a role in making residential property more affordable. The growth in the ratio of house price to income between 2000 and 2019 was 50 per cent in the UK but a mere 8 per cent in Holland. As Aubrey points out, a flat capital value tax reduces demand for housing as an asset because canny investors know that any rise in capital values will lead to a rise in the tax paid.

Which might mean more people could afford to live in the centre of London, possibly in a nice Georgian house on Charlotte Street, a place that happens to be full of excellent restaurants where you can feast on poached turbot with sesame and a poppy-seed crust.

Harry Wallop is a consumer journalist and broadcaster.

END OF BUSINESS RATES DISCOUNT: WHAT YOU NEED TO KNOW

With the end of discounted business rates for community pharmacies looming, accountant Vinku Shah explains what contractors' next steps should be.

The current 66% discount on business rates will come to an end on 31 March 2022, leaving community pharmacy owners fearful of facing the full business rates costs on top of rising overheads like energy and staffing costs that have already been a burden.

All business properties are assigned a “rateable value” determined by the Valuation Office Agency, which is based on a property’s annual market (not actual) rent, size and usage. The business rate is the rateable value multiplied by the business rate multiplier.

The Autumn Budget included an announcement that for 2022/2023, a 50% relief will be available to eligible retail, hospitality and leisure properties. The business rate multipliers have also been frozen at 49.9p for the small business multiplier and 51.2 for the standard multiplier. If your business had a rateable value of less than £51,000 in England, your bill will be calculated using the small business multiplier.

Small business rate relief

A number of pharmacy contractors are eligible for small business rate relief, where the premises' rateable value is less than £15,000 and the business uses only one premises. If the rateable value is £12,000 or less, then the business will receive 100% small business rate relief. For businesses with rateable value of £12,001 to £15,000, the rate of relief will gradually go down from 100% to 0%.

We would advise all pharmacy contractors to check their business rates and confirm that the rateable value has not increased and that the 50% relief has also been applied on their 2022/2023 rates bills up to a maximum of £110,000 per business.

For second business premises, relief will only be due if the rateable value of the main premises is less than £15,000 and less than £2,899 for each of the additional premises, and if the total combined value is less than £20,000 (£28,000 in London).

What should pharmacy contractors do to ensure the correct rates are being charged?

- Check the rateable value. Is the rateable value more than the actual rent paid? If so, there may have been an overvaluation of the premises' rateable value
- Check the summary valuation attached to your ratings assessment entry in the rating list and check that the areas your business has been valued on are correct
- If there is a change in the local area such as building works or planned road closures, you may be able to apply for a temporary business rate reduction
- If you are not sure about the rates, then it may be worth getting a professional rating specialist to assist. There are a number of specialists who charge only upon successful reduction of rates, so there will be no cost if they are unsuccessful.

Changes from April 2023

The government has also announced a 100% improvement relief for 12 months from April 2023 to 2028. This relief will protect businesses from additional rates charges where improvements to premises increase the rateable value.

This could help, for example, where a pharmacy has been refurbished or a new CCTV camera has been installed because these would result in an increase in the rateable value. This could also be beneficial for fit-out works and other investments that attract corporation tax relief through the annual investment allowance. This could help offset some of the additional expected cost in the following year.

From April 2023 until 2035, the government will introduce an exemption for eligible plant and machinery used in onsite energy generation and storage, for example, rooftop solar panels, electric vehicle charging points and battery storage used with renewable energy.

The government is also following through with plans to implement business rates revaluations every three years, starting from 2023 instead of the current five-year cycle. Therefore, business owners will have to keep an eye on costs with rising inflation having an impact on the business multiplier.

UK CONSIDERS ONLINE SALES TAX

The UK is considering whether an online sales tax (OST) should be introduced to "rebalance" the taxation of the retail sector.
The government has published a consultation document asking for views on the implications and possible design of such a tax.

The consultation follows a 2021 review of the business rates system, which concluded that the system should be retained on the basis that there is no alternative with widespread support that would raise sufficient revenue to replace business rates. However, there are still concerns among retailers with physical retail premises that they face an unfair tax burden because they are typically subject to a higher level of business rates than their online competitors, who tend to have a business model that involves lower commercial rents and correspondingly lower rates burdens.

The OST could be used to fund reductions to business rates for 'bricks and mortar' retailers, according to the consultation. The government said it would not be intended to actively encourage customers to shop in-store rather than online.

Corporate tax expert Eloise Walker of Pinsent Masons said: "It is disappointing that the business rates review reached such a conclusion, but more disappointing that HM Treasury is thinking that imposing new taxes instead of fixing the problems with old taxes is the way forward".

"Even assuming that the OST would actually result in a business rate reduction instead of a hike in taxes overall, making other taxpayers worse off in the interests of parity is an odd way to go about alleviating burdens," she said.

The design of an OST would not be straightforward, and the consultation document sets out many areas of difficulty.

"Although an OST seems, on the surface, like a good idea to level the playing field caused by the burden of business rates on in-store retailers, once you start looking at the challenges of introducing the tax in practice, it is far from a silver bullet to reduce the decline of the high street," Walker said.

One of the main challenges in designing an OST would be distinguishing between online and offline activity. An example given is whether the tax should apply to transactions conducted over the internet in any form: including, for example, in-store purchases made via an app or transactions carried out via any remote technology including telephone and mail order.

Another issue highlighted in the consultation document is whether 'click and collect' purchases should be covered by an OST. Some advocates of an OST have called for these sales to be exempted on the grounds that where the collection point is a physical shop, they continue to generate footfall in physical shops. However, a click and collect location could be a locker in a transport hub. An exemption for all click and collect orders could lead to delivery to a residential address being treated differently to collection from a locker on a street corner, even though these are similar transactions.

"Although business rates undoubtedly cause distortions between online and physical retailers, the problem is that they raise a huge amount of revenue, which would be difficult to source from elsewhere," said Clara Boyd, an indirect tax expert at Pinsent Masons.

Business rates raise over £25 billion a year in England, according to the consultation document. Raising comparable amounts under the VAT system would require around a 3-4p increase to the standard rate. Around a 5p increase to the basic rate of income tax would be required to raise a similar amount.

An OST levied at 1% or 2% would not raise sufficient revenue to replace in full the estimated £7.5bn business rates levied on retailers, according to government estimates.

Some also suggest that as business rates are often capitalised into rents, the benefits of a cut to retail business rates would flow in large part to the owner of the property, not the retailer, resulting in higher rents being paid, according to the consultation document.

OST would probably be payable by vendors. However, the government considers that it would be likely that it would be passed onto consumers. It wants to gather further evidence on the risk that specific groups could be disproportionality affected by an OST. Affected groups might include those that spend a greater proportion of their income on discretionary goods and services, those who live further from a high street or shopping centre and individuals with reduced mobility.

Proponents of an OST have largely called for a broad-based tax on all goods on the basis that business rates are paid by businesses regardless of the goods being sold including food, medicines and VAT zero-rated goods.

If the tax applies to tangible goods, the position of digital products with tangible equivalents such as books and newspapers would need to be considered. Restricting the tax to tangible products would mean that physical books purchased online might be taxed, while ebooks would not be.

Another important design consideration is whether the scope of the tax should apply to online business-to-business (B2B) transactions as well as to business-to-consumer (B2C) transactions. If the tax applies to B2B transactions, multiple layers of taxation could be created in business distribution and supply chains. These costs are likely to be passed on to the consumer, significantly increasing the price of goods, the document says.

Sales made to businesses which then re-sell those items could be excluded from an OST, but this could bring considerable administrative burdens. Similarly, if an OST only applied to sales to individuals as consumers, online sellers would need to be able to identify which of their sales were to consumers.

The consultation document draws a distinction between the proposal for an OST and the digital services tax (DST). DST is a temporary tax on revenues from certain digital services including social media, search engines and online marketplaces. In contrast the OST, if introduced, would be a permanent mechanism for funding business rate reductions for retailers.

DST is a temporary solution to the challenges posed by digitalisation to the international system for taxing the profits of multinationals and will be removed once a solution from 'pillar one' of the OECD agreement reached in 2021 is in place. Under pillar one multinational enterprises with global turnover above €20bn will be subject to tax on a proportion of their profits in the countries where they operate.

The OST could be levied as a percentage of revenues generated from online sales or at a flat rate on each sale, applying to both overseas and UK based sellers making sales to UK customers. The government considers that a revenue-based approach is likely to be less regressive than a flat-fee approach. No rate is suggested for the tax, although the document quotes examples of the revenue raised by a 1-2% tax.

The document suggests that a revenue threshold of £1 or 2 million of taxable sales could be set so as not to create additional administrative burdens on small businesses and overseas sellers with low levels of UK sales.

"If an OST is introduced, it could have significant implications for many businesses. Those who may be affected are encouraged to respond to the consultation so that the government hears as many views as possible on the practical implications of an OST," Walker said.

The consultation closes on 20 May 2022.

WHO BENEFITS FROM THE COUNCIL TAX REBATE AND HOW DOES IT WORK?

More than 20 million families in the UK will get a £150 rebate on their council tax bills

Millions of families will get a council tax rebate this year amid Rishi Sunak's multi-billion-pound package to help shield savers from the worst of the cost of living crisis.

Eight in 10 English households will get a rebate worth £150 funded by Government grants, as council tax will temporarily be cut for properties in bands A to D. More than 20 million households will benefit, costing the Treasury an estimated £3bn.

Who will benefit from the cut?

All homes that fall into council tax bands A to D will get the full £150 rebate on bills this year, the Chancellor has confirmed.

There are 20.2 million homes that fall into these bands, with nearly a quarter of the country in band A alone. The tax cut will go to more than 80pc of properties in England.

All properties in England are divided into bands A to H, based on the value of the home in April 1991. The local authority then sets the tax rate for each band.

PROPERTIES WORTH LESS THAN £417,000 ARE THE MOST LIKELY TO RECEIVE THE COUNCIL TAX REBATE

Band	Value at 1 April 1991	Value today
A	40000	Under £189,684
B	£40,001 to £52,000	£189,700 to £246,600
C	£52,001 to £68,000	£246,600 to £322,500
D	£68,001 to £88,000	£322,500 to £417,300
E	£88,001 to £120,000	£417,300 to £569,100
F	£120,001 to £160,000	£569,100 to £758,700
G	£160,001 to £320,000	£758,700 to £1.5m
H	more than £320,000	More than £1.5m

Today's house price is calculated using the average house price growth according to land registry data. However, house prices will not have risen by this amount in all areas.

Nearly five million families in homes that were expensive in the early 1990s will miss out on the Government's funding, even if their homes are not particularly pricey today.

Households in areas where prices have surged since 1991, on the other hand, could still be paying among the lowest council tax bills despite their properties' high values.

Those exempt from paying council tax, including students and retirees on pension credit, will still be able to receive the grant. Those living by themselves and receiving the single person discount, which reduces their council tax bill by 25pc, will also be entitled to the full £150 rebate.

You can check what band you are in here on the Government website.

Which areas will get the most funding?

There is a stark North-South divide in England when it comes to council tax bills. The North East, North West, Yorkshire and the Midlands have the highest proportions of properties that fall within bands A to D, who will benefit from the Chancellor's £150 per household rebate.

London, the East, the South East and the South West have a higher percentage of homes in bands E to H, which will be excluded from the state aid. More than 1.7 million homes in these regions will miss out on the £150 discount, compared with just 601,000 in the North and Midland regions.

TOP FIVE AREAS WITH THE HIGHEST COUNCIL TAX

Local authority	Council tax rates for band D
Nottingham	£2,226
Dorset Council	£2,223
Rutland	£2,195
Lewes	£2,189
Newark & Sherwood	£2,171

Valuation Office Agency

However, the astronomically high council taxes set by local authorities in the North relative to the South means the rebate will provide little relief even to the homeowners who do qualify, as the rebate will go a lot less far for homes in the North.

How is council tax calculated?

Council tax is calculated based on the valuation band your property falls into and how much your local authority charges for that band.

Monies levied by council tax goes to the local authorities, which can include the county council, the fire and rescue authority, the police and crime commissioner and local parishes.

This covers local costs including rubbish collection, care for the elderly and the police and fire service.

TOP FIVE AREAS WITH LOWEST COUNCIL TAX

Local authority	Council tax rates for band D
Westminster	£829
Wandsworth	£845
City of London	£1,049
Hammersmith & Fulham	£1,196
Kensington & Chelsea	1,331

Valuation Office Agency

How can I cut my council tax bill?

There are several ways to lower your annual costs. Council tax levies are based on property valuations made in 1991 and many have found over the years that valuations issued at the time were incorrect.

Close to one in three people who challenged their council tax bills last year won a discount. More than 40,000 people in England and Wales queried whether they were being charged the correct amount of council tax in 2020-21 by officially challenging the Valuation Office, the department that oversees local levies, official figures showed.

There are three ways to challenge the amount of council tax you pay: either via a "band review", a "proposal" or on appeal.

Band reviews are carried out when a taxpayer challenges the council tax band assigned to their property via the Valuation Office. They must provide evidence as to why the band is incorrect. The taxpayer does not have the right to appeal the review decision.

Some taxpayers, such as those who have lived in a new home for less than six months, are eligible to make a "proposal", a formal challenge that does not require evidence and, if the result is unsatisfactory, the taxpayer has the right to appeal.

TOTAL JOKE: HIGH STREET FIRMS LEFT IN THE DARK AS COUNCILS HOLD BACK ON £1.5BN RATES RELIEF

Hundreds of thousands of businesses have been left waiting almost a year to receive support through a £1.5bn business rates relief fund.

The fund was to be distributed by local authorities to businesses impacted by the pandemic but outside of the retail, hospitality and leisure sectors.

Distribution has turned into a postcode lottery with business rates experts from Colliers also slamming government delays.

The Covid-19 additional relief fund (CARF) was announced last March after it was declared that material change of circumstance (MCC) rates appeals for pandemic-afflicted firms would not be valid for the appeals system.

Colliers has lambasted the government for taking nine months to pass necessary legislation and for allowing councils to distribute funds at their own discretion.

The current system poses particular difficulties for firms with multiple-sites as they have to process different schemes with different criteria and deadlines.

Just 19 per cent of local authorities have released their relief policies, with the government not publishing its distribution tables yet, Colliers said.

The government has "instigated a relief system that has been decimated not only by the size of fund to be distributed but also by the interpretation and resources of local authorities on how to distribute it," John Webber, head of business rates at Colliers, said.

"We'll be ending with 300 odd policies and whether businesses receive relief or not will be a total postcode lottery."

Webber branded the situation a "total joke" and said many businesses had been neglected for support for two years now.

A government spokesperson said: "It is up to councils to allocate and target funding to businesses based on local circumstances.

"The government has provided an unprecedented package of support for businesses, including a total of £26bn in grants to those affected by restrictions put in place to tackle Covid-19."

NORTHERN IRELAND - ASSEMBLY APPROVES THREE-MONTH EXTENSION OF RATES HOLIDAY

Retail NI has joined Finance Minister Conor Murphy at Two Sisters artisan food and craft store in Belfast today to launch a new £50m business rates package.

The Minister had hoped to freeze rates for three years. However, with Northern Ireland's 2022-2025 Budget yet to be approved following the collapse of Stormont, he has secured Assembly backing for a one-year freeze of domestic and non-domestic regional rates.

Retailers such as Two Sisters will receive a three-month extension to the rates holiday introduced during the pandemic, alongside hospitality, tourism, leisure, childcare, newspapers and airports. All businesses will receive a one-month rates holiday with the exception of utilities and larger food stores.

"This is a very welcome package of support for our members and the broader business community," said Glyn Roberts, chief executive, Retail NI. "We appreciate that the Minister has listened and acted upon the concerns of our members.

"Continuing the rates holiday by another three months and extending the Small Business Rate Relief scheme will be well received by small traders, particularly given the twin pressures of rising energy costs and the forthcoming National Insurance hike.

"After the Election, it is important that the Assembly and Executive agree a broader reform of the entire system of business rates as they are the highest in the UK.

"This package is a significant step in the right direction but much more will be needed to support the recovery of our high streets."

Murphy said: "Over recent months I have visited businesses from all sectors across the North. The common message coming from these businesses has been that the rates holiday was a vital lifeline for them during the pandemic.

"As businesses continue to rebuild, I am announcing a further £50m rates support package to support the recovery. This will provide all businesses with a one-month rates holiday, with the exception of utilities and larger food stores, while retail, hospitality, tourism, leisure, childcare, newspapers and airports will receive a three-month rates holiday.

"Businesses in these hardest hit sectors have paid no rates since March 2020 and will now pay no rates until July 2022.

"While it's not possible to finalise the 2022-2025 Budget, businesses need certainty and to be able to plan ahead. These vital measures build on the around £1bn support my department has provided through rates relief and Covid grants and will give businesses time to recover."

NORTHERN IRELAND - MURPHY CONFIRMS £50 MILLION RATES SUPPORT PACKAGE

Finance Minister, Conor Murphy has secured Assembly backing to freeze the regional rate for another year.

The Minister also confirmed he intends to provide businesses with a £50 million rates support package in the 2022/23 financial year as well as continuing the Small Business Rate Relief which will benefit thousands of business premises.

Visiting Two Sisters artisan food and craft store and Bumbles Day Care in Belfast, which will benefit from the extension of the rates holiday, Minister Murphy said: "Over recent months I have visited businesses from all sectors across the North. The common message coming from these businesses has been that the rates holiday was a vital lifeline for them during the pandemic.

"As businesses continue to rebuild, I am announcing a further £50 million rates support package to support the recovery. This will provide all businesses with a one month rates holiday with the exception of utilities and larger food stores while retail, hospitality, tourism, leisure, childcare, newspapers and airports will receive a three months rates holiday. Businesses in these hardest hit sectors have paid no rates since March 2020 and will now pay no rates until July 2022."

Welcoming the Assembly approval on the regional rate freeze, Minister Murphy said: "Recognising the cost of living crisis, I had proposed as part of the draft budget a proposal to freeze both the domestic and non-domestic regional rates for the next three years. This freeze was intended to help with the rising costs being faced by families and businesses alike. While a final budget for the next three years has not been agreed by the Executive, I can proceed with this freeze for the first year. The Assembly backing today will freeze household and business rates for the next 12 months, giving households and businesses certainty in the immediate time ahead."

The Finance Minister also announced the extension of the Small Business Rate Relief scheme, under which small businesses automatically receive a reduction of between 20% and 50% on their rates. Outlining the importance of this for small businesses, Minister Murphy said: "Small businesses are at the core of our local economy and have a vital role in contributing to employment opportunities. I am glad to announce the continuation of the Small Business Rate Relief scheme which currently supports almost 29,000 business premises. The extension of the scheme sends a strong message of the important contribution of the small business sector."

The Minister concluded: "While it's not possible to finalise the 2022-2025 Budget, businesses need certainty and to be able to plan ahead. These vital measures build on the around £1 billion support my department has provided through rates relief and Covid grants and will give businesses time to recover."

Notes

Eligibility for the Small Business Rate Relief (SBRR) is based on the Net Annual Value (NAV)(external link opens in a new window / tab) of a business property. SBRR is automatically applied to businesses. There are three levels of SBRR:

- business properties with an NAV of £2,000 or less will receive a reduction of 50 per cent rate relief
- business properties with an NAV of more than £2,000 but not more than £5,000 will receive 25 per cent rate relief
- business properties with an NAV of more than £5,000 but not more than £15,000 will receive a 20 per cent rate relief

Further details on SBRR can be found at: https://www.nibusinessinfo.co.uk/content/small-business-rate-relief

WAVE OF 'UNFAIR' HMO COUNCIL TAX REVALUATIONS REVEALED THAT CAN QUADRUPLE BILLS

Councils are seeking to reclassify HMO properties as multiple single dwellings for council tax purposes to raise additional revenue, it has been reported.

Conservative MP and former cabinet member Penny Mourdaunt has criticised the wave of revaluations in comments to The Telegraph newspaper, saying that: "This is a growing problem, and it is arbitrary. It is stopping homes from being built because developers' business models become unviable."

Many of the 500,000 HMO landlords in the UK offer rooms within their properties via a single monthly charge including rent, bills and council tax.

This is usually calculated and paid based on the property size but now councils are changing the way they interpret the rules and treating the HMO rooms as individual homes with separate council tax bills.

It is claimed that the revaluations mean that, in many cases, if landlords are forced to pass on the extra cost, tenants face a 20-25% rise in rent to cover the extra cost.

A rising number of landlords are now facing a tough decision over whether to foot the bill themselves or hike their rents to cover the shortfall.

The Telegraph cites one landlord told by the Valuation Office Agency that his HMO's council tax bill would rise from £1,821 to £7,287, while another was reported to have filed for bankruptcy after his pair of 12-bedroom HMOs were re-classified.

The British Property Federation claims councils are targeting areas of their boroughs where HMOs are at their most dense in a bid to raise extra funds as central government funding dwindles year on year.

BORIS JOHNSON PROMISES UK PROPERTY REGISTER TO EXPOSE KLEPTOCRAT MONEY

Plans first announced under David Cameron would strip secrecy from offshore ownership including by senior Russian figures

As the government acts to squeeze Russian oligarchs in the wake of Vladimir Putin's invasion of Ukraine, Boris Johnson has promised to rush forward plans for a new public register, revealing the ultimate owners of properties across the UK.

The government had previously failed to act, despite the vast offshore leak known as the Pandora Papers revealing last year the details of 1,500 UK properties owned through secretive offshore companies, some of them connected to senior Russian figures.

The data showed that the family of Russian oligarch Mikhail Gutseriev – who was placed under sanctions by the UK, EU and US last year – owned more than £50m of property in the City and West End of London (though representatives of his family insisted he had no interest in the assets).

In total, it has been estimated that £170bn-worth of UK property is held overseas, much of it anonymously: whether to avoid publicity, tax, or worse. Many of these anonymously held properties are concentrated in London – in particular in Westminster and Kensington.

Making their ultimate owners public is aimed at helping law enforcement agencies track what Johnson called "dirty money" – but will also increase transparency for civil society groups and journalists.

The new register will apply retrospectively to property bought up to 20 years ago in England and Wales, and from 2014 in Scotland. Entities that do not declare the beneficial owner will face restrictions on selling the property, and people who break the rules could face up to five years in prison.

It is far from a new idea: the UK has had a publicly available register of beneficial ownership for companies – the People with Significant Control register – since 2016.

The same approach is gradually being extended to British overseas territories, after intensive campaigning by a cross-party alliance of backbenchers, including the Conservative former development secretary Andrew Mitchell and former Labour minister Margaret Hodge.

The long-awaited property register is unfinished business from a crackdown begun almost a decade ago.

When the UK chaired the G8 in 2013, David Cameron told the global elite at Davos, the annual Swiss shindig for business leaders and politicians, that governments should be "shining a light on company ownership, land ownership and where money flows from and to".

He talked about wanting to tackle the "travelling caravan of lawyers, accountants and financial gurus" who support the hiding of vast sums of wealth.

Three years later, in 2016, Cameron hosted an anti-corruption summit in London, at which he announced his intention of introducing a property register.

"The new register for foreign companies will mean corrupt individuals and countries will no longer be able to move, launder and hide illicit funds through London's property market, and will not benefit from our public funds," a government press release said at the time.

At the time Cameron was being questioned on if there was a conflict of interest between his policy to crack down on aggressive tax avoidance and a Panama-based investment trust his father had set up which did not have to pay UK tax on its profits. Cameron had once owned shares in the trust but had sold them in 2010 because he said he "didn't want anyone to say you have other agendas or vested interests".

Since then, however, successive administrations have dragged their feet, and the measure has never been enacted – despite Theresa May's government getting as far as including it in a draft bill in 2018.

Robert Barrington, professor of anti-corruption practice at the University of Sussex, says there are two possible explanations. "One is that the government have not accorded it the priority, because of Brexit and so on. The other is that it has been blocked, because of interests."

Over the six years since the plan was first mooted, he says he has increasingly come around to the second of these. “I don’t know whether it’s the Treasury, the City, oligarchs making donations to political parties; but there is a block in the system.”

Whatever internal opposition there may have been, however, appears to have been abruptly swept away by Vladimir Putin’s invasion of Ukraine, and the resulting desire, as Johnson put it last week, to “squeeze Russia from the global economy, piece by piece”.

COUNCIL TAX WARNING: LANDLORDS FACE ‘STEALTH’ TAX WHICH COULD SEE EVERY BEDROOM CHARGED

LANDLORDS across the UK are being hit with a "stealth" council tax rise when renting their properties.

This comes after rental homes have been discreetly reevaluated by the UK Government to determine their true tax bracket. Specifically, larger homes which rent to lodgers room-by-room are now being classified as multiple smaller properties. For example, a landlord who owns a five-bedroom house will have to pay five sets of council tax instead of one overall levy.

Currently, there are around 500,000 homes in England which are classified as “houses in multiple occupation” or HMOs.

Critics have criticised the potential impact this will have on the wholesale housing market with MPs within the Government suggesting that it could hurt supply.

Penny Mourdaunt, a trade minister and Portsmouth North MP described the tax rise as a “growing problem” for landlords and “arbitrary”.

Re-evaluations by the Government have largely taken place in areas with the most rental homes.

Experts believe this latest tax rise is a last ditch effort by councils to raise more income in difficult economic times.

Through HMOs, landlords usually pay bills and council tax and then pass on a single monthly charge to their tenants.

However, if council tax rises, landlords must take on the cost or pass it on in the form of higher rents.

Similar properties even a stone's throw away from one another can be classified in a different way.

Understandably, this could create significant problems for landlords who may risk losing tenants as a result.

Speaking to The Telegraph, Daryn Brewer, 43, shared how he will be impacted by this latest council tax hike.

Mr Brewer is a landlord from Portsmouth, who lets out a six-bedroom property to lodgers who occupy his home.

Recently, The Valuation Office Agency have informed him it has now been reclassified as six separate dwellings,

As a result, his council tax bill has risen dramatically from £1,821 to £7,287. The landlord said: “This looks like the poll tax. It's an absolute mess.”

Ian Fletcher, director of policy at the British Property Federation, outlined what the current situation is like for landlords.

Mr Fletcher said: “Local authority budgets have been squeezed for more than a decade, so they need ways of getting more money. There is only one way revaluations will go, and that is up.”

Wendy Whitaker-Large, a landlord and campaigner, said: “A year and a half ago, I was getting calls about this every few months. Now it's two or three times a week. It's about to blow up.”

The activist explained how similar properties on the same street have been classified in a different way.

She added: “It completely destroys the market and puts landlords at a massive disadvantage. Some landlords think they must foot the bill or the tenants will leave.

Ms Whitaker-Large claimed a landlord in Hertfordshire had to declare bankruptcy once his two 12-bedroom properties were reclassified.

In a statement, The VOA, part of HM Revenue & Customs (HMRC), said: "HMOs are assessed entirely on the individual characteristics and adaptations of each dwelling. The amount of tax any assessment will yield is not a consideration."