

UK business & economy

Reform UK business rates or risk more shop closures, say trade groups

Ministers urged to overhaul 'outdated and outmoded' regime or face losing investment



Boarded up shops and commercial premises for let in Tunbridge Wells. The British Retail Consortium said: 'sky high business rates are closing stores up and down the country' © Charlie Bibby/FT

Daniel Thomas in London 10 HOURS AGO

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UK trade groups representing 9m employees have called on ministers to reduce the burden of business rates or risk further store closures as well as undermining net zero investment ambitions.

More than 40 trade associations spanning the UK economy such as the CBI, British Retail Consortium and British Property Federation with roughly 261,000 business members have issued a joint call for a long promised reform to the rates system.

The trade groups argue the chancellor needs to use the Budget this month to freeze or cut business rates where appropriate to boost investment, describing the current regime as “outdated and outmoded” and acting as “a drag on the government’s goal of a high wage, high productivity and high investment economy”.

Helen Dickinson, chief executive of the British Retail Consortium, said that “sky high business rates are closing stores up and down the country and preventing new ones from opening”.

Ministers are expected to publish the findings of a review of business rates later this autumn, following a manifesto commitment by the Conservative party to cut business rates. The review of business rates was announced at last year's Budget.

Rain Newton-Smith, CBI chief economist, said that up to half of business investment could be subject to business rates — which meant they had “literally become a tax on investment”.

Trade Secrets



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The groups said that business investment would be needed to achieve the government's net zero goals, as well as its [ambition to drive higher productivity](#). The joint statement from the groups said that rates were “uncompetitive, unproductive and unfair”.

UK property taxes were four times higher than Germany, they said, and 50 per cent higher than the G7 average as a proportion of gross domestic product. The current system penalises any investment in plants and machinery — including solar panels — as this is added to the rates bill.

The groups have asked the chancellor to allow business rates liabilities to fall in line with property values, and ensure that there

are no further increases in the headline rate.

Companies should then be able to instantly benefit from any fall in property values following a revaluation, they said, but also with a phased transition to a higher bill where property values increase.

Emma McClarkin, British Beer and Pub Association chief executive, said the sector was “overpaying by as much as £570m before Covid and cannot afford to be shouldering this unfair burden any longer”.

The frequency of business rates revaluations should also be increased, according to the groups, to ensure rates adjust quickly to economic changes.

A “greener” business rates system should also be devised to support the government's net zero ambition, such as by exempting green plant and machinery, and technology such as solar and heat pumps.

Michael Hawes, of the Society of Motor Manufacturers and Traders, said that the “business rates system is overdue an overhaul”.

During the pandemic, the government gave businesses with eligible properties in the retail, hospitality, and leisure sectors a rates holiday. It has also frozen the business rates multiplier in 2021-22.

The Treasury said: “We’ve provided extensive business rates relief worth £16bn to support businesses and the high street throughout the pandemic, with support continuing until March next year.”

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