An inquiry into Business Rates to scrutinise how Government policy has impacted business

1.0 Introduction

1.1 These are representations on behalf of the Rating Surveyors' Association (RSA). The RSA was founded in 1909 and has over 500 members drawn from private practice, corporate bodies, the Valuation Office Agency (VOA) and local authorities. Our primary function is to ensure good rating valuation and an effective non-domestic rates system. We do this as a community of people involved in Non-Domestic Rates through Educational, Professional and Social activities. Our members deal with the technicalities of the Rating system and are well placed to comment on the subject of the inquiry. Non-Domestic Rates is a complicated tax and the vast majority of ratepayers seek professional advice, and of those a significant majority are represented by our members.

1.2 I note that the inquiry will look at how changes in Central Government policy have changed the business rates system and in turn, how the current business rates system is operating and the associated impact on business. I have accordingly set out my representations under those three broad headings:

Central Government Policy and its Impact
How the System is currently Operating
The Impact on Business.

1.3 Before dealing with these headings though I make some general comments by way of background. In particular the terms of refence invite consideration of the economic justification for a property-based business tax.

1.4 The UK has had a property tax for over 400 years and taxes on immovable property (land) are generally regarded as good taxes by economists for several reasons. These include:

a. Property taxes are difficult to evade because land does not move: the tax base, unlike people or money, cannot be moved from one jurisdiction to another as a response to a change in tax.
b. Landed property cannot be hidden, unlike for example people or monetary wealth.
c. The collection rate of property taxes is usually high because of the difficulty of evasion.

d. Changes to the taxable object are comparatively easy to discover compared to the difficulties of discovering actual income for example and the likely effect of those changes on liability can be anticipated.
e. The tax has certainty in yield, because the tax rate is set in relation to a known tax base rather than having to rely on forecasting e.g. with income, profits or turnover taxes.
f. The Non Domestic Rate system also benefits from being able to be kept up to date. It allows the apportionment of the burden of the tax yield to flex to meet the changing world, both at Revaluations and if there are material changes of circumstances.
g. The value of the occupation of land is fairly closely related to the ability of the occupier to pay, at least in the medium to longer term.
h. It is regarded as efficient because it has less of a distorting effect upon the allocation of resources compared to other taxes because they are substantially capitalised into property values.
i. They can provide an opportunity to demonstrate a link between tax and expenditure, particularly for local governments because they are truly and visibly local.

1.5 The crucial points in that list which relate to the impact of the cost on businesses are **g.** and **h.** The cost of the tax is proportionate to the property occupied, and so long as the business is trading broadly satisfactorily the property tax cost is proportionate to the property and cost of the property it occupies, and the tax is kept up to date by regular revaluations. Businesses consider property costs (say rent & rates) as one item, and so the two are inter-connected, and should move together to reflect economic circumstances and affordability. Businesses therefore in theory take on property aware of total property costs, and market pressures should ensure those costs self-correct to reflect economic forces. (This point is covered in your Terms of Reference)

1.6 The property market in the UK is generally extremely efficient. Nevertheless, property is capital intensive and supply can be inelastic and these factors mean there can be problems with these corrections if economic circumstances change quickly. These problems can be exacerbated in respect of the cost of Non-Domestic rates because its system has features which can slow or delay appropriate cost base adjustments. This can happen both in good times and bad, and so can exaggerate the economic cycle of property costs.

1.7 The faster and more accurately the Non-Domestic rates of businesses can react to the economic circumstances in which they operate, the more the tax will be as in **h.** above absorbed into property costs for which businesses will have budgeted. The world is full of complications and this is easier said than done. But, in undertaking this review we urge you to take action which allows the system to work smoothly, rather than by the introduction of measures that are distorting and complicating.

1.8 The other crucial matter to recognise is that while some of the complaints recently have come from retailers, Non Domestic rates is a sophisticated tax system that apportions a rate burden across a staggeringly diverse range of non-domestic property and that it would be an error to think that only retail property is to be considered. This is especially in the context of any move to replace it with a sales tax or similar. The rate poundage is levied against the real property of the whole country. Attempts to apply it to only parts of the country are likely to cause property market distortions, enormous difficulties of definitions, and an unproductive industry jostling to contrive property to be treated this way or that. It is true to say this happens already for agricultural property but we consider that the definition of agriculture is easier to make and see.

2.0 Central Government Policy and its Impact

2.1 There have been a number of Government Policies that have impacted upon Non-Domestic rates. You have indicated that you will look at policies since 2017 but we would encourage you to consider a longer time frame to better understand the affordability and behaviours.

2.2 I make no apology for looking at a little history (and commend to the Committee William Dalrymple's book Return of a King: The Battle for Afghanistan if ever there was a demonstration of what history can teach us). The modern Non-Domestic Rates system was created by the 1988 Local Government Finance Act, which replaced the General Rate Act of 1967. It made a number of significant changes including taking domestic property out of rates, the re-introduction of 5 yearly revaluations and the introduction of an antecedent valuation date. So far as non-domestic rates is concerned it is widely considered to have been well thought through.

2.3 As an example of a consequence of a change in Government Policy it is worth noting what has happened to domestic property. After the experiment with the Community Charge domestic property has had its own property tax known as Council Tax. Government has not increased Council Tax in the same way as with Non-Domestic rates and so in keeping with the logic of point **h.** above, residential property has increased in price more than Non-Domestic Property. This is a political choice, and who is to say that it is not the right one because investment in residential development seems to be required now as much as ever, but it is a simplistic way of demonstrating the link between property tax and value.

2.4 The second thing to note is that because successive Governments have resisted undertaking a Council Tax revaluation the tax base is terribly out of date. This is demonstrated most clearly by looking out of the windows of Westminster to see the number of flats being built in central London. There are many reasons for this but included in them is that the market has been distorted because the property tax for those flats is relatively low, because the Council Tax system is out of date.

2.5 For Non-Domestic rates it was generally considered that the 1988 Act had many positive aspects for business. Liabilities were not set on the whim of local authorities setting their own rate poundages, and businesses could plan a number of years ahead as to what their costs would be.

2.6 There are some specific matters that subsequently have eroded that confidence.

2.6.1 <u>The Government has increased the UBR by the RPI rather than the CPI</u>

2.6.1.1 It is a mystery to practitioners why the UBR is now approximately 50p in the £ when it was originally planned to be about 33.33p (although actually started as 34.8p). On the basis that the Rateable Value cake has increased since 1988 one would have expected the poundage at each revaluation to revert to around 35p in the £ or lower. Instead it has inexorably risen.

2.6.1.2 That rise has been exacerbated by the use of the RPI each year rather than the CPI. By using the RPI rather than the CPI the UBR is approximately 20% higher than in would be.

2.6.1.3 Having such a high rate poundage is a problem for business in two important ways. First, it creates a property cost which dampens the incentives for development. I commend to the Committee a research report by Regeneris Consulting Ltd entitled "Who pays business rates". Second it means the property tax element of the rent & rates property cost is relatively high, and so if there are economic changes and the rates system is slow to react this can become an onerous burden, beyond the reasonable expectation.

2.6.1.4 It also creates a problem for Government because the high poundage creates liabilities which encourages appeals. An unfortunate further consequence is that these liabilities have generated an irritating number of disreputable businesses posing as Rating Advisors, who have variously let down disappointed businesses.

2.6.2 <u>The Government delayed the 2015 Rating Revaluation</u>

2.6.2.1 There was criticism at the time for the delay to the 2015 Rating Revaluation and unfortunately those criticisms were proved to be well founded. The two-year delay meant that the possibility for rent & rates to self-correct was disrupted. The non-domestic rates of shops in towns hit by the recession and internet shopping meant rate reductions were delayed, and retailers suffered. It was a decision diametrically opposite to what was sensible.

2.6.3 <u>The use of Reliefs</u>

2.6.3.1 The cries from ratepayers have certainly got louder in recent years, and the Government has heard them. Some of the action they have taken has helped, some more than others, but we are concerned that the measures are short term distorters, which will not provide fair solutions, and ultimately corrupt the system. I refer to various reliefs below and endeavour to point out the unforeseen consequences which appear to have been overlooked.

2.6.3.2 Transitional Relief

2.6.3.2.1 While the pure economists would rather there was no transitional relief at Revaluations, businesses are generally supportive of a regime that phases in the larger increases in liabilities Revaluations may bring. Having said that it is essentially unfair that ratepayers whose properties have fallen in relative value terms (the poorer properties) pay for the relief for ratepayers whose properties have risen in relative property terms (the better properties).

2.6.3.2.2 This problem has been dramatically revealed at the 2017 Revaluation for large properties (with assessments over £100,000) where the limits on decreases are reduced so tightly that the benefit of significant reductions are only marginally felt, and the opportunity for the rent/rate correction is denied. As for the delay in the 2015 Revaluation, one of the sectors that has been particularly hard hit by this is prime High Street Shops.

2.6.3.2.3 It is hoped that with 3 yearly revaluations the need for transitional relief may recede as the more regular changes in Rateable Values will show smaller movements. In line with all our suggestions policies that interfere with the auto correction in the system of rent and rates are undesirable.

2.6.3.3 Small Business Rate Relief

2.6.3.3.1 While large High Street shops continue to suffer from outdated liabilities the decision to increase small business rate relief for businesses with Rateable Value of less than £12,000 to nil is plainly a populist move. Unfortunately, as a policy to improve the tax system it is counter-productive.

2.6.3.3.2 Where one of the problems with the tax is that the rate poundage is too high, to reduce the tax base by taking out of rating so many properties, means there is likely to be increase pressure on the remaining taxpayers. At best this distorts the system, at worst it corrupts it.

2.6.3.3.3 This policy has fermented significant interest in dividing properties, for examples a set of Barristers might now have 80 Rateable Values and pay almost no rates, while previously they would have had one assessment and paid significant rates. This raises questions as to what the Government was trying to achieve with this relief and whether they are succeeding. It is a policy that may have diverted business from productive activity to mitigation activities and increased costs for the VOA to maintain the list.

2.6.3.3.4 It also means for those businesses that do pay rates on properties with rateable values below £12,000 the rent/rates correction system is distorted. This is fairly obviously because landlords increase rents because the rates are lower for some in the market (or to be fair to landlords, prospective tenants out competing other tenants bid up their offered rents until any benefit of not paying rates is lost in paying higher rents).

2.6.3.3.5 Regrettably also, the appeal system becomes distorted because the Valuation Office may rely on assessments which are not appealed, not because the assessment is correct, but because it is below £12,000. The appeal system is important as part of the system to ensure the rating List is fair as a whole, one assessment next to another. If the motivation to appeal is removed from significant number of properties this increases the chance for errors going unnoticed, and/or increases the burden on the Valuation Officers to find them themselves.

2.6.3.3.6 Although there is a buffer from £12,000 to £15,000, this still leads to plenty of apparent injustices where one ratepayer with a RV of £15250 is paying over £7000 a year, where his neighbour with a property only marginally smaller might be paying nothing.

2.6.3.4 Charitable Relief

2.6.3.4.1 Charitable Relief costs the Government more than small business rate relief and has been rising steadily.

2.6.3.4.2 I have already mentioned problems that Government Policy has exacerbated, and the policy of relief for properties used for charitable purposes has for some time distorted the market and given charity shops a competitive advantage in retail streets. You can form your own view as to whether a shopping street with a high proportion of charity shops is good for the attractiveness of that location for shoppers.

2.6.3.4.3 There has been concern from retailers about the rates for High Street shops. This is in part, because rents in some high streets are sustained by charity shops (who can afford higher rents because of their rate relief). At Rating Revaluations, instead of the auto correction of rent and rates working properly, the rates are set having regard to the rents of charity shops (and rent review rents set on the back of them) and so the level of rates in some locations will be artificially inflated by the Government Policies in respect of Charitable Relief. Charitable Relief does not distort other sectors of the property market so much.

2.6.3.4.4 The relief for Charitable Purposes is so generous that there is undoubtedly motivation for the relief to be used to mitigate empty rates.

2.6.3.5 Empty property relief

2.6.3.5.1 Empty rates can be an acute burden where occupiers are struggling in their business and if they have to close a branch they are still left with the rent and rates costs until they can dispose of their lease. If the rates cost is artificially high because the Revaluation was delayed, or the property is caught by downward transitional surcharge, or it is taking time to reduce the Rateable Value through the CCA system then the opportunity to dispose of the lease may be even more difficult.

2.6.3.5.2 The RSA has recommended several times before that rates should be a tax on occupation and that empty rates should be nil or reduced to a much lower level. We do not believe there is a significant problem of property owners keeping property empty on purpose. Looking at the comparison of taxing a leaseholder not occupying a property or not taxing a freeholder while he/she seeks to let a property, the harshness of the former, outweighs any social jeopardy from the latter. We stick with our recommendation.

2.6.3.5.3 Practically it would also solve significant appeal dispute as to whether a property is capable of being let or in some state of physical distress and whether it should be assessed or not. In recent years this has already been once to the Supreme Court, and there is another case following behind. Whatever the outcome, as things stand the tax encourages non-sensical constructive vandalism. A significant amount of the Valuation Office time and the appeal system is spent arguing about whether properties are being developed/in disrepair and whether there should be a liability. If the property had a modest or no empty rate liability it is likely that the VOA and business would usefully be able to invest the resources saved elsewhere.

2.7 We are concerned that Government Policy while well intentioned has often fallen foul of the problem of being distorting and/or complicating. Non-Domestic rates is a very significant property tax and it does not suit adjustments here and there. The reason why it is good is because it auto corrects with the market to dilute the tax into property values. If government policy interferes with that system it unwittingly creates the opportunity for grievances.

2.8 Our members also comment that as the poundage has crept up where the auto-correct does not work well the increase in liability makes the matter more of a concern, so a lower rate in the £ may in itself alleviate some of the problems. We feel bound to comment that the recent one year relief for some retail properties, has the effect for those properties of reducing the rate in the £ from approximately 50p to 33p, where we feel it ought more properly to be.

3.0 How the System is currently Operating

3.1 The Valuation Office Agency was created as a merger of The Valuation Offices of England & Wales and Scotland when it became a Next Steps Agency of the Inland Revenue on 30 September 1991. The Valuation Office has a proud history as an independent body and its valuation officers have the responsibility for preparing and maintaining the Rating lists. It is vital to the system of non-domestic rates that the Rating Lists are kept accurately because all the assessments are mutually supportive to ensure fairness and to assist with accuracy.

3.2 As the rate poundage has increased since 1990 ratepayers have been increasingly motivated to ensure their liability is correct and this has led to a large number of appeals. This has put pressure on the Valuation Office, at a time when a Government policy of austerity meant that the Valuation Office resources were being cut.

3.3 There has been some concern that the Valuation Office faced with the pressure of so many appeals has taken steps to reduce the number of appeals, not on the basis of whether the appeals are correct or not, but in a systemic way. Previously it did this by a policy of tightening their application of whether an appeal was invalid or not; which only increased the number of appeals.

3.4 Since 1st April 2017 a new system of Check Challenge Appeal (CCA) has been introduced in England. Prior to its introduction the government consultations identified problems of superfluous appeals, delays and billing authority provisions as reason for a new system that would be swift, structured and transparent and much easier to navigate. The common feeling amongst many business rate taxpayers is that the system that has been designed and implemented has fallen woefully short of the original aims and has in fact made things worse.

3.5 The focus adopted in the design was on the individual ratepayer and paid no heed to the needs of multiple property occupiers even though existing data showed these to be over 90% of the users of previous systems. It is clear in the light of the Chancellors removal from rate liability of 650,000 lower value business rate taxpayers that this focus was badly misplaced. Since mid-2017 we recognise that the VOA have worked closely with HMRC to introduce new systems that will service the needs of multi property organisations, it is anticipated that by late summer this year these will allow multi property organisations to investigate assessments through the new Check and Challenge system. Although we will be halfway through the life of the current 2017 rating list we anticipate that the level of investigation will rise very significantly as Checks and Challenges with have been held back are released. The introduction of CCA has undoubtedly fuelled businesses disquiet with non-domestic rates.

3.6 By no means a complete list, some of the issues experienced include: the initial web portal did not work well, the registration system introduced has proved complicated and onerous on ratepayers, the system of challenge has significantly rebalanced the obligations to the disadvantage of the ratepayer, and on top of that it appears the Valuation Office has shifted the responsibility of maintaining the accuracy of the rating lists onto ratepayers and local authorities.

3.7 HMRC who have experience of different taxes do not appear to have appreciated that it is vital to the fairness to all non-domestic rates that the rating lists are properly altered and correctly maintained. A holistic approach is required rather than by case by case clearance. Challenges are not judged against a known code but have regard to other assessments. When changes were proposed to the appeal system for the 2017 Revaluation the intentions in the terms of reference were widely considered to be constructive. The indications were that trust, transparency and openness would be integral. The problem is that the system that has been delivered does not work in such a way, and in practice business is concerned. It feels that the deck is stacked against them, and that perceived injustices are not dealt with fairly. Placing the onus on ratepayers also allows a further concern to fester that the law-abiding face the full charge by compliance while the neglectful get away with mistakes, for not being called out.

3.8 There does not appear to be a recognition in the revised system of the needs of business. For many large organisations business rates can represent the third highest cost on their operating accounts. Therefore, any responsible finance director will want to satisfy the business that this cost is correct. If the Valuation Office provided more information to explain the assessments they have arrived at then this task would be more easily done. As it is the system requires a significant and burdensome intervention with the CCA system for businesses to be provided with the evidence and to investigate and satisfy themselves of this correctness. While the Valuation Office continues to only provide the information to support their assessments late in the process it is likely that superfluous investigations are going to continue, and businesses will continue to be frustrated with their lot.

3.9 We do not believe that the current levels of investment in the VOA are allowing the system to operate efficiently or effectively, and do not ensure that Rating Lists are properly altered and maintained. We have very serious concerns of the impact that this has on both business rate taxpayers and the increasing financial provisions that local authorities are having to make. We would strongly encourage measures to properly finance the VOA and provide it with sufficient independence so that it can concentrate on the task of maintaining a fair and accurate list. We would also encourage measures which allow them to be more open and transparent, including the earlier provision of the evidence on which their assessments are based. We consider this would involve increasing the number of skilled valuers, not decreasing it.

4.0 The impact on Business

4.1 The commentary about your review mentions retail property. I have observed that the delay of the Revaluation hurt some high streets, and that the application of downwards Transition has exacerbated that problem.

4.2 There has also been commentary on the impact of the internet on retail property. I understand Bill Grimsey, former Chief Executive of Iceland has conducted two independent reviews on the state of the UK High Street. He says "Plans for Town centres have to change. The key is community, not retail, and it's a broader issue than shops."

4.3 The committee might find it helpful to understand the dynamics of Retail property. (Apologies if this is widely understood already). If you are a fashion retailer there are certain locations in shopping centres which are better than others. Generally, if you can position yourself in the best locations your turnover will be higher than in weaker locations. As all your other costs are broadly the same, the extra turnover for better locations is worth a significant extra rental bid.

4.4 The reason for saying all this, is that in the best locations the extra bid rent and (by extension) rates are a relatively higher proportion of costs than for other businesses. When the business cycle changes, or retailers have mis-estimated a pitch's value, or if there are changes in the town that change the relative strength of particular locations then over time the rent/rate adjustment will react to those changes. In the meantime, the retailer will moan. Where there is a disproportionate percentage of business costs in bricks and mortar, inevitably they will feel any problems in the system more acutely.

4.5 This basic economics, however, applies also to all the property sectors so that if economic circumstances effect a property type in a particular location, then rents will react and in due course at revaluations rates will also react. What matters to all businesses is for the auto correction mechanism to work when things go badly because that is when they need lower costs. If the rating list can react quickly and properly then business should have less reason to complain. Other complaints by business may have nothing to do with Non-Domestic rates such as changing shopping habits and the nature of modern leases with upwards only rent reviews. Government should enact policies to allow the proper working of the system, and this includes properly funding the Valuation Office.

4.6 A lower rate in the £ would help. In h. above in theory the non-domestic rate cost is "lost" in property values. This is the theory on a day to day basis but if the rate is high there is an impact in two ways. First, the impact of a high UBR is that it may discourage property investment and redevelopment. An island inevitably considers land a scarce resource, and not having had a revolution for so long we have an established system of land holdings and land law that is extremely sophisticated and works well to channel property investment. It would be a drag on the whole economy if the increasing rate poundage upset that investment stream.

4.7 Secondly, in those inevitable moments when the rent rates auto correction system is slow to work, while the liabilities are adjusting to new realities, in that time lag there may be distortions in liability up and down. A low liability can encourage investment on a false premise, while a high liability might fatally damage a business when it should not. We can provide examples. The solution is to ensure the system allows correction as easily as possible. We therefore applaud your move towards three-year revaluations and ideally even more frequent revaluations would be desirable. We suggest owing to the opportunities afforded by IT developments that the next move in this area would be to reduce the gap between the antecedent valuation date to the revaluation date from two years to one.

4.8 In order to deliver three yearly revaluations, it is vital that the Valuation Office is properly resourced. The Government has a specialist Valuation agency and we are concerned by measures taken to de-skill some of its processes. We would encourage investment in valuation staff and expertise to allow the Agency to provide the specialist service required. We also consider that a better resourced agency would be able to operate in a more open and less defensive way, and this would increase knowledge and breed confidence. A Valuation Office operating in that way might also review the CCA machinery so that business did not feel that their complaints cannot be heard easily and fairly – and better still the Valuation Office might provide more information as to how the assessments are derived than already provided (this is happening already in Northern Ireland).

4.9 We have indicated that the Non-Domestic Rate income comes from all the real estate in the country. We do not believe the exclusion of some smaller properties through Small Business rate Relief assists generally the system, but rather is a distorter and corrupter. We do not believe treating retails property as exceptional is sensible either. There was no help in areas of the country when the coal and steel industries went through radical change. A vibrant economy will see change all the time and the rating system is designed to shift the burden to reflect these changes.

5.0 Policy Ideas

5.1 If the Government wanted policy ideas which they might want to consider, it is action in respect of reliefs.

5.2 We suggest that in approximately 5 years Agricultural Property should lose its exclusion and rates should be levied. 5 years gives a generous lead in time for agricultural property values to react, and I suspect even then there could be a phased introduction. Phasing in to full liability should be done over a ten year period giving a 15 year lead in time in all. Phasing should simply be a 10% liability in the first year, 20% in the second and so on. This measure would allow the rate poundage for all property to be reduced to reflect the larger tax base. From an economics point of view this would be a better tax raising measure than the tax on empty property.

5.3 Secondly we suggest a phased removal or reduction of charitable relief. The reasons for favouring charity shops over other retailers is unclear. The issue of charitable relief for private schools and healthcare is also contentious. A gradual reduction of the relief would generate revenue and reduce distortions to the system and property market.

5.4 Finally, small business relief should be removed as it is becoming rentalised as explained and consequentially will be of no real benefit or use. Again this should be phased, perhaps over a five year period. In future if some measure of relief is to be offered this should, like Enterprise Zone relief, be temporary only so it has a benefit but does not simply become rentalised.

5.5 The advantages of these measures are not only that the system would work better without distortion, but also the increase in the tax base would allow the UBR to be reduced. This would be an attractive political message and would also make the impact to those losing reliefs less severe.

6.0 Conclusion

6.1 I finish with comments in respect of the pillars of good tax policy.

6.2 On the question of <u>fairness</u> Non-Domestic rates has much in its favour so long as the application is undertaken consistently. The idea of an antecedent valuation date is that all property is assessed on the same assumptions, and comparison between properties will demonstrate the systems fairness. Recent government policies to shrink and distort the tax base have risked upsetting this fairness and worse has corrupted the self-correcting mechanism of rent and rates on which the system thrives. The tax itself should be submerged into property values and so is not an unfair additional cost only paid by property owning businesses. We urge the Government to recognise the inherent fairness and to adopt policies that do not upset that.

6.3 It is counter intuitive to suggest any tax supports <u>growth and encourages competition</u>. What is true for Non-Domestic rates is that if the rate poundage remains high there is a risk that it will reduce property investment. We are also anxious that at its current high level it might encourage skewed behaviour. We would encourage the Government to seek to reduce the UBR, not distortingly for this or that sector or complainant, but across the whole tax base.

6.4 Non Domestic rates is an extremely good tax to <u>provide certainty</u>, both for the Government and taxpayer. From a business point of view the ability to correct a liability in a timely way is extremely desirable.

6.5 A tax which has had such a long life has inevitably a certain <u>coherence</u>. You occupy property, and you pay a tax relative to the worth of the property. So far, so good. If the system was then a UBR against a Rateable Value, that too would be extremely clear. The problems begin with the multiple reliefs and allowances thereafter. Well intentioned government adjustments have created complications and confusion. We consider the system would work better if these reliefs could be reduced both in number and impact.

6.6 And this point gets to the heart of your review. The Non-Domestic rates system has worked extremely well for hundreds of years. In the fast moving 21st Century economy it needs to react quickly to changes in the economy. This is best done by having a well-resourced Valuation Office dealing efficiently with 3 yearly revaluations and providing a service for list alterations which is easy to use and open. The recent attempts by Government may have been counter-productive. They variously have distorted the auto correct nature of the system, created variable treatment of different occupiers and properties, and pampered to expectations that the tax is malleable. Unfortunately, the opportunity for ratepayers to engage with the Valuation Office have made appropriate alterations and or grievances disappointingly difficult.

6.7 Many of the complaints against Non-Domestic rates are based on misunderstandings as to how the system works, or are complaints about which the tax has no control. They are undoubtedly fuelled by the fact that the UBR is high, and so in absolute terms the bills are high. This does not mean the system does not work, it is the application and level of UBR which are the issues. We commend the tax as being suitable for the Governments tax raising needs and encourage the adoption of proposals for the system to treat all businesses equally without fear or favour.

6.8 We welcome this opportunity to set out our views. I have sought the views of our members but must state with regret that our Valuation Office Agency Members have told us that they are unable to endorse or contribute to these representations. The Association would be happy to provide evidence in person if this would be helpful. We believe we have technical knowledge of the system and access to business concerns which may be of value to you.

Tom Emlyn Jones

President of the Rating Surveyors Association