

## Business group calls for business rates reform to be 'top priority' at 2016 Budget

The Confederation of British Industry (CBI) has urged the Government to reform the current business rates system, amid concerns that it is 'outdated' and 'undermines' both retailers and manufacturers.

**In a new briefing released ahead of the Chancellor's Budget, the CBI warns that the existing model is unable to cater for any changes in the UK's economic circumstances. The lobby group also claims that the existing business rates system is increasing taxes for UK firms.**

According to the CBI, over the last seven years the rate of tax revenue growth from business rates has risen by 28%, far exceeding other types of tax and growing at a quicker rate than the Government's overall tax take.

With the Government due to report back on its business rates review in March, the CBI has set out its recommendations for a 'simpler, fairer and more competitive' system.

It argues that business rates could be made simpler by removing firms with a 'rateable' property value of less than £12,000 from the system completely, while carrying out more regular valuations would help to make the system fairer.

In addition, the CBI suggests that moving from RPI to CPI indexation for annual increases will result in 'a more stable business rates multiplier'. Commenting on the organisation's proposal, CBI Economics Director, Rain Newton-Smith, stated: 'The current business rates system is from another era and proving an ever-increasing problem for firms, hitting our high streets and manufacturers across the country.'

And devolving business rates does not tackle the significant problems that this distortive tax is causing for businesses.

'The Government cannot put business rates reform off forever and we want to see urgent action taken at the Budget. Business wants to see the smallest firms completely removed from the system, more frequent valuations and ensure the system is tied to the Consumer Price Index to make it fairer and more competitive.'

In the 2015 Autumn Statement, the Chancellor revealed plans to allow local government to keep the rates they collect from business, and to give councils the power to cut business rates to boost growth. Osborne also outlined proposals to give elected city-wide mayors the power to levy a business rates premium for local infrastructure projects, provided they have the support of the local business community.

Furthermore, in its Budget 2016 submission the CBI revealed that new measures such as the National Living Wage and the Apprenticeship Levy could potentially result in a £9 billion-a-year burden for businesses by the year 2020. The group is calling on the Chancellor not to further increase the 'cumulative burden' and to support investment and innovation by increasing the scope of capital allowances and broadening access to research and development.

**The Chancellor will present the 2016 Budget on Wednesday 16 March.**

## Sunday trading powers to be granted to local councils

**The Government is set to devolve Sunday trading laws to local councils in England and Wales, it has emerged. The move, announced by Business Secretary Sajid Javid, is expected to benefit high streets and city centres.**

The Department for Business, Innovation and Skills revealed that authorities will have the power to 'zone' any relaxation, effectively aiding struggling high streets by permitting them to stay open for longer.

Under the current laws, large shops are only permitted to trade for up to six hours between 10am and 6pm, while small shops are unrestricted.

Sunday trading is already devolved in Scotland, where retailers do not face such limits.

The new powers are set to be brought forward within the Enterprise Bill, which is currently being finalised by the Government. These amendments are expected to be introduced to enable any changes to Sunday trading to be made this Autumn.

Additionally, the plans include extra freedoms for shop workers: those working in England, Scotland and Wales will be given more flexibility to 'opt out' of working on Sundays if they so choose.

However, unions and some Government backbenchers remain opposed to the proposals.

John Hannett, General Secretary of shop workers' union Usdaw, stated: 'What the Government is proposing is undesirable and unworkable. Their claims to be offering additional protection for shop workers amounts to nothing more than has existed for the last 20 years.'

Conservative backbencher David Burrowes also criticised the proposals, saying: 'The Government should still listen to the significant opposition to this unnecessary and unwanted plan. Otherwise, I look forward to leading an unholy cross-party alliance in defeating a measure which is anti-family, anti-small business and anti-workers.'

Although online shopping has increased considerably in popularity, Sunday trading laws have not been changed in over 20 years, significantly reducing retailers' ability to compete with their online rivals.

The Government has emphasised the fact that local councils will be able to weigh up the economic needs of their area, taking into consideration the impact it could have within the community.

The Business Secretary stated: 'These new powers are about giving local areas the choice to extend Sunday trading hours to meet the needs of their local businesses and communities. It is local people who will make the decision.'

'Extending Sunday trading hours has the potential to help businesses and high streets across the UK better compete as our shopping habits change'.

## Other news in brief

### **New fraud taskforce launched by Home Secretary**

Home Secretary Theresa May has announced a new joint taskforce designed to combat fraud in the UK.

### **UK could face tax rises as a result of Chancellor's 'inflexible' budget target, warns IFS**

Chancellor George Osborne's budget targets could require him to raise taxes or make additional spending cuts, according to the Institute for Fiscal Studies.

### **Help to Buy ISAs taken out 'every 30 seconds' in UK**

A quarter of a million homebuyers have opened a Help to Buy ISA since their introduction in December of last year.

### **'Leftovers' from apprenticeship levy to be given to small firms**

Small businesses will receive remnants left over from the apprenticeship levy once larger firms have made use of the funds, Skills Minister Nick Boles has confirmed.

For more on these visit our website [www.nhllp.com](http://www.nhllp.com)

## ESSENTIAL TAX DATES FOR MARCH

### **1 March**

New advisory fuel rates for users of company cars effective from today.  
Last day to pay any balance of 2014/15 tax and Class 4 NICs to avoid an automatic 5% late payment penalty.

### **31 March**

End of Corporation Tax financial year.  
End of CT61 quarterly period.  
Filing date for Company Tax Return Form CT600 for period ended 31 March 2015.

## 2016 Budget, March 16th

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## Quote of the month

'Untidy family members and hungry pets are very unlikely to be accepted as a legitimate excuse for completing your tax return late.'

*Ruth Owen, HMRC Director General for personal tax, commenting on the Revenue's list of worst late tax return excuses.*