One voice for
retail warehouse &
superstore property

PRESS RELEASE

ACCESSIBLE RETAIL RAISES SERIOUS CONCERNS OVER BUDGET

1.No action taken to reduce the level of property taxation in the UK.

Property taxes in the UK remain one of the highest of all OECD countries. A level more proportionate with other G8 nations is needed. The damaging impact of the current levels on retailers' costs has to be seen alongside the other cost pressures on their business including the living wage and the London living wage.

2.The proposed extension of rates relief will not help struggling big retail employers.

Larger rate payers already support small businesses via the payment of a higher Multiplier. The Treasury is now extending further relief to ratepayers with rateable values below £51k reducing their rates bills by a third. This additional help is not being given to large multiple retailers, particularly department stores and large space occupiers, many of whom are struggling to survive as well and are the biggest employers,. .

None of the multiple retailers who have gone into administration or launched CVAs in the past year – resulting in thousands of job losses - would have benefitted more than marginally from the Chancellor's further rates relief as they had few properties with qualifying rateable values. Going forward, this measure will not offer a lifeline to the big retail employers who are struggling or help to preserve jobs.

Efforts to revitalise High Street by helping small shops are welcome, but out of town retail parks are not immune from current problems and a significant amount of space is having to be repurposed as a result of trading difficulties. Loss of retail jobs is a consequence in this sector as well and rate relief needs to be extended to out of town if this is to be mitigated.

3.Opportunity missed to extend relief to bigger retailers without revenue loss by broadening the tax base.

The shortfall could be met by more fundamental reform incorporating a basket of taxes. Council Tax has not been changed since it was introduced in 1993 (based on 1991 values) and should be revalued. Also, the shortfall could be made up by broadening the tax base to include agricultural land and Crown Property and less eligibility for charitable relief.

4.The proposals fail to address the unfairness between those who occupy property compared to online business.

The structural changes in retailing that have occurred in recent years - especially the rise of pure play online traders – have rendered the LGFA 1988 no longer fit for purpose. Yet, the current proposals fail to address this problem, in particular the severe tax disadvantage those who occupy real property suffer compared to pure play online business, an unfairness which is compounded by the introduction of a bureaucratic and poorly designed Check, Challenge and Appeal system.. There needs to be a rebalancing of the contribution made by the latter compared with that of traditional 'bricks and mortar' retailers.

5.Disappointment at no delivery tax on pureplay retailers to pay for their extensive use of the UK's transport infrastructure.

We are disappointed that there was no delivery tax on pureplay retailers for the use of the UK's transport infrastructure towards which the bricks and mortar businesses pay such a large contribution. The digital tax is not a big earner as it only relates to advertising revenue. It is quite well described in this article:

6.The latest initiatives will store up problems for the next revaluation in 2021.

All businesses will be expected to support a self-financing scheme for transitional relief / surcharge.

7.No tax reduction for large premises whose values have fallen significantly is unfair.

Of significant concern is the longer-term unfairness for those large premises where property values have fallen significantly; the removal of downwards transition denies to such properties commensurate tax reduction they enjoyed formerly.

8.The £900m fund to support small businesses would be more effective if rolled into the High Street Fund.

The Government has taken 500,000 out of paying business rates as they are small businesses and following on from the Budget there is also the £900m to support small retailers over two years and the £675m High Street Fund. It is questionable whether the support for small business many of whom no longer pay business rates in any case is the best use of this resource and investing all the monies in the High Street Fund may be more effective. That said the issue it seems is that the current allocation to support the High Street Fund is not being used effectively nor efficiently with poor take up.

Andrew Hetherton
Chairman

Note for Editors

Accessible Retail is the trade body which represents the property interests of the retail warehouse and retail park sector of the retail industry. It has over 1100 members comprising retailers, developers, owners/investors and advisers, including most of the major companies active in the sector.

The sector plays a significant role in the economy and in the retail industry. It accounts for a third of total retail spend, comprises the largest part of investment grade retail commercial property and employs some 750,000-800,000 people.

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