CFG Calls for Review on Impact of Business Rate Retention Scheme on Charities

Tuesday 14 April, 2015

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CFG has released a policy briefing for charities on business rate relief (.pdf), which coincides with current discussion on the long term future of business rates.

Shortly before the Budget, the government released a discussion paper on reform of the business rates.

Although charitable business rate relief is not the main focus of the discussion paper, reform of business rates could have a significant impact on the sector.

However, CFG's briefing also highlights the impact of the Business Rate Retention Scheme (BRRS) on charitable business rate relief, with some reports that it has become harder for charities to receive relief due to the increased cost of the relief to local authorities and the incentives created.

CFG's briefing outlines:

- The long history of charities is receiving business rate relief and how this is bound up with the principle that organisations working for public benefit should not pay property taxes.
- Highlights the value of business rate relief which is worth over £1.6bn to the sector and which has grown significantly over recent years.
- Outlines a number of the factors impacting business rate policy including pressures on the high street, localism, local authority spending pressure and tax avoidance.
- Considers the impact of the business rate retention scheme on charitable business rate relief, drawing on recent research on business rate income.

Recommendations

The briefing also has a number of recommendations for charities and government to improve the implementation of charitable rate relief including:

- Improve charities awareness of business rate relief rules.
- The need for charities to better demonstrate their value to the local community when applying for rate relief.
- Creating a dedicated hotline for charities to report business rate relief scams.
- Improving data collection on business rate relief
- Local authorities need to have a holistic view of the role of charities.
- A full review of the business rate retention scheme's impact on charities.

Charity Finance Group is working with other charity representatives to respond to the government's business rate relief discussion paper, and is hosting a survey online for charities to feed in their experiences with the business rates system.

Andrew O'Brien, Head of Policy & Public Affairs, Charity Finance Group said:

"Business rate relief is important for charities, but the complexities and changes to the system have not been widely understood.

At a time when the government is discussing far reaching reform of business rates, it is vital that charities have a strong understanding of the relief and take their part in discussing its future."

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