

Shadow Chancellor calls for business rates reform, but what does the business rates tax system actually need?

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The dust has finally settled after Friday's fiscal statement, and while many are still talking about the ramifications, it did deliver the government's plan going forward. What was obviously, starkly, missing however was a plan concerning [business rates](#). Many people including experts, business owners and leaders, and commercial property tenants and owners – have spoken about reforming the business rates tax system in recent (and not so recent) years.

As the Labour Party Conference opened, Shadow Chancellor Reeves held nothing back as she went for the throat of the government's fiscal statement. A term, she pointed out, used to allow the Chancellor to avoid an independent costings review by the Office for Budget Responsibility (OBR). The most pressing issue seemed to be the unfunded tax cuts, but while Reeves did outline a plan to reform the business rates tax system, what was proposed was in fact a complete scrapping of the current system to be replaced with a National Economic Council.

While Reeves was keen to point out problems with the fiscal statement, what was not immediately obvious was how Labour would push through with their own alternatives. Everything shiny and new looks great on principle, but without a fully defined and thought-out plan, these ventures can often fall apart.

"People have been talking about reforming the business rates tax system forever," Anthony Hughes, Managing Director of [RVA Surveyors](#) said. "And it's great that it seems to be getting traction now, but it is a relatively simple fix. To create a fairer and more transparent tax system, all they need to do is make sure that commercial properties are inspected every five years and are rated on individual merits."

According to the [Valuation Office Agency](#) (VOA), they employ over 3,600 people. If roughly half of these were surveyors or referencers – so about 1800 people – then over a five-year period, each person would have to inspect a minimum of four properties a week. Of course, this is based off of the UK parliament findings that there were 1.9 million commercial properties in the private sector as of January 2022.

When presented with these numbers, representatives of RVA Surveyors agreed that it was more than feasible, adding that their own surveyors often see in excess of this in a single day, let alone a week. If the rating list changes to a three-year period as it is set to do from the 1st of April 2023, then representatives of the VOA would have to see a minimum of seven properties a week. A jump that is not beyond the ability or workforce of the VOA. It certainly appears a considerably easier fix than the government have been saying. Now it seems that they have been dragging their feet over a tax system that business owners and leaders often feel benefits them too much, and commercial property owners and tenants too little.

"It is not beyond the will of man to sort this out," Anthony Hughes observed. "The government just need to get out of their own way."

Labour are not the only party currently calling for a reform or elimination of the current business rates system, with Liberal Democrats expressing their [concerns](#) on how the business rates tax systems crippling high streets.

"The time for the government to step-up is here." Anthony Hughes added. "We've said it before, and we want to go on and be able to say to our clients – 'yes, there is good news', but to do this there needs to be clear and decisive action taken. Actual, true rents/leases on commercial properties need to be recorded. It is a massive undertaking and will need a lot of manpower – but they have this manpower. It is doable, it is fair, it is the way forward to making sure that commercial property owners and tenants are paying a fair and accurate tax."

While many people debate just what Friday's fiscal statement might mean for business rates, it is clear that they need to differentiate if they wish to reform, replace, or simply merge ideas with the current business rates tax system.

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