

CTG, 7/8 Avon Reach, Monkton Hill, Chippenham, SN15 1EE
e-mail: info@charitytax.info web: www.charitytaxgroup.org.uk

18 March 2025

transformingbusinessrates@hmtreasury.gov.uk

Discussion paper on 'Transforming Business Rates'

Charity Tax Group (CTG) is a membership organisation dedicated to making tax work better for the charity sector through clearer legislation, better targeted reliefs, modernisation of systems and through education of our members. Our role as CTG is to improve the tax position for charities by identifying anomalies, inefficiencies and barriers in the tax system which hamper and limit charities in their vital work. We welcome the Government's recognition of the need for reforms to the business rates system. We appreciate the opportunity to contribute to this consultation and provide recommendations for charities that align with the Government's objectives of supporting growth and also reducing administrative burdens.

There are four areas that we would like to put forward for consideration.

Incorporate charity reliefs into any new system

Of all tax reliefs available to charities, business rates relief is the most valuable at £2.56bn¹ a year. Although valuable, the process to claim relief can be very inefficient. The administration of business rates is devolved to local authorities, and there is no central register of charities who are genuinely eligible for the relief. There is a risk of fraud, and any charities operating in more than one local area or with multiple properties are required to reapply multiple times to claim this relief.

Consult with charities on the impact of changes

The first is that the discussion paper is silent on charities. We understand that the reason for this is that there is no intention to disrupt the current charity reliefs. However, we believe that it is important that the charity sector has the opportunity to contribute via consultation on any changes which may have unintended consequences for the sector.

Certainty with scope for override in exceptional circumstances is preferable to responsiveness

The second is around the balance between meeting the [conflicting] needs of businesses for responsiveness to changes in market conditions and a desire for certainty. We understand that there is concern that the current rates system was not responsive to the COVID 19 crisis, and so a solution to this would be more frequent changes in liability. With fixed income streams, charities are very vulnerable to unplanned changes in cost. And so our preference would be for more certainty around expected costs. We therefore think it would be a mistake to build a system which has more frequent changes in liability in order to accommodate a crisis such as COVID 19. It would be better to have a system with more certainty, with an override in place should such a crisis occur again in future.

¹ <https://www.gov.uk/government/statistics/uk-charity-tax-relief-statistics/uk-charity-tax-relief-statistics-commentary#about-this-release>

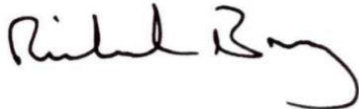
Digitalisation offers a one-off opportunity to transform administration of charity reliefs

Our third and final point relates to the digitalisation of business rates (DBR). Charities which operate nationally have a heavy administrative burden dealing with local authorities each of which has its own processes for validating claims, frequency of renewal, and evidence required to demonstrate charitable status.

DBR offers a one-off opportunity to homogenise the processes of individual local authorities for administering charitable reliefs and having a simpler process to verify eligibility. Doing this would bring about savings for councils and charities, and so we are hopeful that the government seizes the opportunity to make these changes. The charity sector and CTG is keen to contribute to any consultation of proposed changes.

We are very grateful for the opportunity to contribute to this consultation.

Yours sincerely

A handwritten signature in black ink that reads "Richard Bray". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

Richard Bray
Chair