

Response ID ANON-A7V4-JMGF-6

Submitted to **Department of Finance Business Rates Consultation**
Submitted on **2019-11-11 09:57:28**

Introduction

1 What is your name?

Name:
Charity Tax Group

2 What is your email address?

Email:
chris.lane@centrallobby.com

3 What is your organisation?

Organisation:
Charity Tax Group

4 How can revenues from district and regional rates be raised in a way that is fair and equitable and without placing an unacceptable burden on business ratepayers?

How can revenues from district and regional rates be raised in a way that is fair and equitable and without placing an unacceptable burden on business ratepayers?:

5 What ways can be found to widen the tax base that could facilitate a lower level of business rates?

What ways can be found to widen the tax base that could facilitate a lower level of business rates?:

The removal or reduction of rates relief would not raise enough income to fund a meaningful reduction of business rates. In fact, the subsequent loss of charitable and sport and recreation activity (due to the removal of rates relief) is likely to increase pressure on local authorities to raise business rates as a way of funding replacement services.

Furthermore, any removal or reduction of business rates exemptions would likely see some charity shops and other properties forced to close. This would see more properties become eligible for vacant properties business rate relief, reducing any additional income that local authorities hoped to raise.

6 How can a fair distribution between district rates and regional rates be sustained?

How can a fair distribution between district rates and regional rates be sustained?:
No comment

7 How can a fair distribution between non-domestic and domestic rates be sustained?

How can a fair distribution between non-domestic and domestic rates be sustained?:
No comment

8 What reliefs and supports are necessary and might be introduced, changed or ended, targeted in line with Executive priorities and recognising ability to pay?

What reliefs and supports are necessary and might be introduced, changed or ended, targeted in line with Executive priorities and recognising ability to pay?:

We support the proper review and reform of taxes, including business rates and are encouraged by the Assembly's support for charity and support and recreation rates relief. We strongly believe that existing reliefs must be retained, as they enable charities to retain substantial funds that are used to support charitable causes in Northern Ireland.

We do, however, have concerns about the potential impact on charities, and sport and recreation groups (SRG) if rates relief were removed or reduced.

Business rates relief is invaluable to many charities, with exemptions estimated to be worth £96.2m per annum (excluding sport and recreation relief) in Northern Ireland. Removal of rates relief would drastically raise expenditure for charities and SRG, forcing them to find new funding to maintain their operations. The removal of rates relief could cause the closure of many charities and SRG, to the detriment of numerous communities and the countless individuals who rely on charities for support. Business rates paid by private enterprises are a tax on private profit, whereas removing rates relief would be a tax on the beneficiaries of charitable activity.

9 What alternative taxation options should be considered to complement or partially replace property based non-domestic rates and to allow for lower levels of revenue from business rates?

What alternative taxation options should be considered to complement or partially replace property based non-domestic rates and to allow for lower levels of revenue from business rates?:

Taxes that reflect for-profit sales values would perhaps be better, particularly if there is a desire to support high street and community properties rather than online-only organisations.

10 Please use this space to submit further comments

Further comments::

Generally, a property that is occupied and used for public benefit or for charitable purposes is exempt from rates if the organisation occupying the property is not established or conducted for profit, and the use of the premises directly facilitates its charitable objectives. This includes formally constituted trusts for the advancement of religion or education, the relief of poverty, and other purposes beneficial to the community. Additionally, it includes charity shops that sell goods that are wholly donated, with charity shops selling bought-in goods having the valuation of the property apportioned between the two uses.

Sport and recreation relief is also available for premises that are occupied for the purpose of a prescribed recreation, occupied by a not-for-profit club or society, and do not employ any person to engage in any recreation for reward.

The Charity Tax Group has liaised closely with the Charity Retail Association and charity shops in Northern Ireland and is supportive of the more detailed responses by the CRA and its members.