**Review of Business Rates in Northern Ireland – CTG response**

**16 February 2017**

**About the Charity Tax Group**

The Charity Tax Group (CTG) has over 500 members of all sizes representing all types of charitable activity. It was established in 1982 to make representations to Government on charity taxation and it has since become the leading voice for the sector on this issue.

CTG welcomes the opportunity to respond to this consultation and would be happy to meet officials to discuss our answers in greater detail. CTG fully endorses the responses submitted by the Charity Retail Association (CRA) and by the #MoreThanAShop campaign, which highlight in detail the extent of the contribution that charity shops make to the Northern Irish economy. We have reiterated some of the key points below.

**Consultation question**

1. ***Should charity shops be asked to pay a relatively small contribution to rates revenue?***

Every year, the charity retail sector raises around £10.5mfor good causes in Northern Ireland. This is approximately four times as much as the cost to the Executive of exempting charity shops from paying business rates (only around 3% of all charitable rate relief in Northern Ireland goes to charity shops). The amount that would actually be saved by the Executive if it were to move ahead with these proposals is significantly smaller than the amount that would be lost by charity shops – which would lead directly to a loss of funding for the pursuit of their charitable purposes.

Indeed, recent research has found that, if charity shops in Northern Ireland were suddenly required to pay 20% of their business rates bill, profit would likely drop by 5%, leading to a reduction of over £0.5mfor charitable causes and a loss of numerous jobs and local volunteering opportunities through shop closures.

There are also wider implications than just the financial impact that such a decision would have. Charity shops divert significant amounts of goods away from landfill, helping promote the Government’s reuse and recycling agenda. They help to reduce vacancy rates and keep high streets populated and busy, even during times of economic downturn. They can also provide young people and the long term unemployed with the skills they need to find full time work through volunteering opportunities. Perhaps most important of all, they enable people on very low incomes to buy good-quality clothing and other goods at prices they can afford and in a way that does not stigmatise them.

In short, charity shops provide an invaluable source of both revenue for investing in charitable purposes and social value, both of which have a positive impact on the wider community. As proposals stand, both these aspects of the work of charity shops would be at risk, and we would call on the Executive to consider reconsidering them.