

THIS FORM IS FOR INFORMATION ONLY - DO NOT COMPLETE
PLEASE USE THE ONLINE SURVEY FORM TO SUBMIT YOUR RESPONSE

Business Rates Avoidance Survey 2019

The aim of this survey is to gather information, from a range of local authorities, about estimated amounts of business rates lost to avoidance in their local areas. This will help inform the development of proposals for how to tackle this behaviour, reduce avoidance and raise revenues that are owed to local and central government.

By its nature, tax avoidance - finding ways not to pay tax by interpreting the rules not as Parliament intended - is difficult to estimate and identify. The data and examples gathered as part of this exercise should help to build up a clearer picture of business rates avoidance.

You can navigate through the questions using the arrows at the bottom of each page. Use the back arrow if you wish to amend your response to an earlier question.

If you stop before completing the return, you can return to this page using the link supplied in the e-mail and you will have the option to continue from where you left off.

If you have any queries regarding local government finance please email lgfinance@local.gov.uk, queries relating to completion of this survey should be directed to Helen Wilkinson (Helen.wilkinson@local.gov.uk) 020 7664 3181.

Please complete the survey at your earliest convenience and no later than **9 August 2019**

Thank you for your assistance in this matter.

Please amend the following information, if necessary

Name _____
Authority _____
Job title _____

1. How many FTE staff are employed to carry out non-domestic rate inspections?

2. What percentage of unoccupied properties inspected are to ensure correct reliefs and exemptions are granted?

3. How many un-reported **new properties** have you retrospectively identified (e.g. with effective dates greater than 6 months prior to submitting a Billing Authority (BA) report) since April 2013?

4. How many un-reported changes **resulting in higher rateable value** have you retrospectively identified (e.g. with effective dates greater than 6 months prior to submitting a Billing Authority (BA) report) since April 2013?

5. What is your estimate of the total amount of business rates lost to avoidance in your local authority area in 2017-18?

For the purposes of this exercise we consider business rates avoidance to be where a ratepayer exploits legislation to gain a financial advantage that was never intended. This sometimes involves artificial arrangements that serve little or no purpose other than to benefit the ratepayer such as through the grant of a relief or an exemption.

5b. Does your estimate attempt to impute for unknown cases of avoidance?

- ☐ Yes
☐ No

5c. How does your authority collect information on avoidance?

5d. How many cases are you in dispute over currently?

6. Of the total amount of business rates lost to avoidance, how much is lost through the following:

Please provide the amount, the percentage this is of the total that should be collected, and the number of properties involved

	£	%	No. of properties
a. Repeated short term periods of occupation (minimum reoccupation period is 6 weeks) of six weeks or slightly more, resulting in a further period of exemption from empty property rates.			
b. The vacant property being leased to a charity and it is proposed that when next in use the property will be wholly or mainly used for charitable purposes. However, when questioned the charities do not have clear plans for occupation or intended use and authorities may never be			

	£	%	No. of properties
informed that the premises are occupied, which leaves authorities uncertain as to whether the relief is appropriate or not.			
c. The occupation of vacant properties, for example retail warehouses or shops, by charities. Occupation of a property is often minimal (such as posters in a window, or Bluetooth broadcasting). In addition, the actual evidence of occupation may be limited. Goods may also be spread out to give the appearance of being wholly or mainly used for charitable purposes			
d. Creation of new hereditaments through splits and mergers to gain additional empty property rate relief			
e. Insolvency to avoid paying empty property rates, the power to disclaim onerous leasehold interests is available to both liquidators and trustees in bankruptcy but is not perceived to have been exercised by them in a timely or expeditious manner.			
f. Avoidance as a result of properties not being on the rating list, for example, misuse of the agricultural exemption such as setting up snail farms or not completing buildings where they have not yet been sold or let			
g. Difficulties in establishing ownership such as claims that another person has taken over a business, false tenancy agreements or phoenix companies where the stock is held in third party names			
h. Misuse of small business rates relief such as dividing up a property for assessment or setting up multiple companies			
i. Exploitation of the overlap between council tax and business rates for example holiday lets and use of halls of residence as conference facilities during holiday periods			

6b. Please provide details of any examples you wish to share

6c. In your opinion, what should a de-minimis occupation test and a wholly or mainly requirement entail?

6d. In your experience, how widespread is the practice of ratepayers using third party/rates mitigation companies to facilitate arrangements in return for a percentage of the rates saved and amount of business rates lost to this? (i.e. Marketed Avoidance Schemes)

7. Have you / are you taking legal action against those avoiding?

- ☐ Yes
- ☐ No
- ☐ Don't know

If not, please explain why

7a. What percentage of your legal challenges have been successful?

7b. Which variables do you believe have/have not led to success?

8. Which of these measures do you think would help deal with avoidance?

- ☐ Removal of small business rates relief
- ☐ More joined up working with HMRC
- ☐ More joined up working with Companies House
- ☐ More joined up working with Charity Commission
- ☐ Other
- ☐ Don't know

9. In your opinion do local authorities have adequate powers to enable them to tackle avoidance?

- ☐ Yes
- ☐ No
- ☐ Don't know

If not, what powers do you think you lack?

9b. What anti-avoidance regulations and package of changes should be put in place as a minimum to tackle avoidance and improve success in the courts?

10. Do you have any other comments to make on the issue of business rates avoidance?

Thank you for your assistance

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