

# North Devon Conservatives

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## Philip Milton slams Government's hikes to business rates during recession

*Higher business rates will drive local firms and small shops to the wall*

The Government was accused today of pushing local firms and small shops to the wall by hiking their business rates during the recession. Business rate demands are being sent to local firms across North Devon and many are seeing startling rises in their bills this year, with the prospect of even bigger hikes next year. After rent and staff, business rates are the third biggest cost that local firms face.

This comes as a survey by the Local Government Association has found that 4 out of 5 councils are reporting an increase in empty shops in town centres. Philip J Milton, Prospective Parliamentary Candidate for North Devon, criticised a number of Government policies that are pushing up tax bills:

- **Inflation-busting rise this April:** Business rates are to rise by 5 per cent this April, despite the forecast of RPI inflation to be negative, because of a statistical quirk in the way business rate rises are calculated. The burden of rates will go up by £1 billion a year. The average business rate bill in area is currently £5,335; this rise will push it up to £5,601.
- **End of transitional relief from the 2005 revaluation:** Transitional relief from the 2005 business rates revaluation has now expired, pushing up bills for many firms in April 2009 by two or three times more, and raising another £100 million for the Government.
- **Small shops to be hammered by the 2010 revaluation:** The April 2010 rates revaluation will hit the retail sector hard, because of the Government's decision to use April 2008 as the snapshot for the revaluation – when relative retail rents were artificially high compared to industrial and office rents. The resulting rating hikes could push many small shops out of small business rate relief, which means rocketing bills.
- **New empty property hike:** When Chancellor, Gordon Brown slashed back rate relief on empty properties. As the recession bites, firms are unable to rent out vacant property, but still have to pay rates in full despite no income from rent. This has increased rates by £1 billion in 2008-09 and by a further £715 million from this April.

- **Retrospective ports tax:** Businesses based in Britain's ports face a further hammering, as the Government is imposing retrospective hikes on ports firms' bills, backdated to 2005. The car industry will be hit particularly hard, making a mockery of Lord Mandelson's claims to be helping it.
- **Poor take-up of small business relief:** Small firms are not claiming small business rate relief because they have to fill out complex paperwork. In Wales, small business rate relief has been automatic since 2007.
- **New supplementary business rate:** New laws being pushed through by the Government will introduce a new 'supplementary business rate' which could raise taxes by £600 million a year. Local authorities will effectively be forced to levy this charge because cuts to the Local Authority Business Growth Incentive Scheme mean less revenue for councils.

Philip said:

"Gordon Brown is dragging local firms down his road to ruin. It is the height of economic madness to be increasing taxes on local firms in the depths of a recession. Local shops in North Devon will be hardest hit by these rises, leading to boarded up shops on our high street and yet more job losses."

For further information, please contact 01271 344300.

ENDS

**Philip J Milton**  
Prospective Member of Parliament for North Devon



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