

# North Devon Conservatives

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Date: 19 January 2009

## **Government to hike business taxes on local firms at time of recession** *Average business rates bill in North Devon may hit £5,842 thanks to Gordon Brown*

Labour Ministers in Whitehall were today accused of kicking local firms “in the teeth” as it emerged that the Government is pushing ahead with plans to increase business rates on local firms at a time of economic recession.

The Government is introducing a new law - the Business Rates Supplements Bill - which will allow town halls to increase business rates on local firms by levying a ‘supplementary’ rate on top of current bills. This comes at a time that business rates are already due to rise by a painful 5% in April.

- There are 4,651 premises in North Devon which currently pay business rates. The average bill in North Devon in 2008-09 was £5,335, raising a total of £24,813,085 a year in tax in total from local firms, which is handed over to Whitehall.
- Due to the impending 5% rise, business rate bills in North Devon will hit an average of £5,601 from April. If a supplementary business rate were imposed on top, this could push the average bill on local firms to a record £5,842 a year.
- Supplementary business rates are likely to be used to fund local authorities’ current expenditure, rather than new infrastructure. Councils will be pressured into levying supplementary business rates to make up for funding pressures. Firms will not be given a proper vote on whether or not they support the new charge. According to the Government, supplementary business rates could increase taxes by up to £600 million a year if levied by every local authority.
- There will also be a business rates revaluation in 2010, which may increase the bills even more for many firms – especially shops, since retail property rents have risen sharply in recent years. Higher rateable values will worsen the impact of supplementary rates.

Published and promoted by Sir Richard Peek on behalf of the NDCA, The Strand, Barnstaple, N. Devon  
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Philip said:

“I fear that supplementary business rates will be yet another backdoor way for Gordon Brown to hike taxes by stealth. At a time when local firms are struggling for their very survival, even higher business rates are a kick in the teeth from the Labour Government.”

FOR FURTHER INFORMATION OR PHOTOCALL PLEASE CONTACT:

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## Notes to Editors

### NEW SUPPLEMENTARY BUSINESS RATES

The Government is introducing a new law – the Business Rates Supplements Bill – which will allow an additional charge to be levied on business rates. This will be up to 2p per £1 of rateable value, equivalent to a 4.3% increase. Unlike the system of Business Improvement Districts, firms will not be given a proper vote on whether or not they support the new charge.

<http://services.parliament.uk/bills/2008-09/businessratesupplements.html>

Conservatives are not opposing the financing deal for Crossrail, which is a genuine national infrastructure project and which has broad support from the business community and the elected Mayor of London. But Conservatives are opposing the plans to impose these new town hall taxes outside London.

This comes as business rates rise by 5% from April 2009. This is since RPI inflation in September 2008 – when the new rates were set was 5%. However, RPI inflation is now falling and will soon be negative.

### LOCAL FIGURES

The table below shows the number of premises which pay business rates in each local authority, the amount of money which is raised by levying business rates on local firms, and the current average business rates bill.

It then estimates the average bill from April 2009 following the 5.0% increase in bills, and then models for the effect of a 2 pence-in-the-pound supplementary rate on top (assumes an across-the-board 4.3% increase; the precise effect will vary depending on the new rateable values in the 2010 rates revaluation).

	<i>Number of Business Premises</i>	<i>Current tax revenue (2008-09)</i>	<i>Current average business rates bill (2008-09)</i>	<i>Estimated bill from April 2009</i>	<i>Possible bill if 2p supp rate on top</i>
		£ million	£	£	£
England	1,686,778	18,958	£11,239	£11,801	£12,308
North Devon	4,651	24.8	£5,335	£5,601	£5,842

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Original data source for 2008-09 figures: House of Commons Library / CIPFA.

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