

## **Business Rates Review: technical consultation**

### **Response by the Chartered Institute of Taxation**

#### **1 Executive Summary**

- 1.1 To support the proposed three yearly valuation cycle new legal obligations, likely to take effect from 2023, will require ratepayers (including those businesses that pay no rates due to a relief) to notify the Valuation Office Agency (VOA), via a new online process, of changes to the occupier, the property and to provide rent and lease information in real time, usually within 30 days, and through a mandatory annual return.
- 1.2 We agree with the design principles for the new online information provision system. We think the requirements for reporting, and the sanctions for failure to comply, together with the safeguards (for example reasonable excuse) should be set out in statute to underpin the design.
- 1.3 We suggest there should be a paper alternative for ratepayers who are digitally excluded and therefore unable to access the new service online.
- 1.4 Publishing the timetable or road map for implementation and the sequencing of stages leading up to implementation will allow businesses to plan for and establish their own internal processes to meet the new reporting obligations.
- 1.5 Agents will have a very significant role in ensuring the new system operates as intended and early consideration should be given to facilitating this interaction. It is possible that more ratepayers will wish to use an agent to meet their new filing obligations.
- 1.6 The new obligations will impose requirements on businesses who have had little engagement with the business rates systems to date, in particular, for small businesses eligible for 100% small business rate relief. The proposed extensive communications campaign is therefore essential and welcome. One of the challenges will be communicating the changes to 'hard to reach' groups such as non-resident owners of unoccupied buildings. Direct engagement with representative bodies in the accountancy and legal sectors will help to raise awareness of the new requirements at an early stage.

- 1.7 The reporting deadline of 30 days will require a significant increase in monitoring and will in many cases be quite onerous. Businesses, particularly medium and larger sized businesses, are likely to have a system of month-end reporting, therefore a deadline of one calendar month after the month in which the reportable event occurs would align more closely with existing practices.
- 1.8 We welcome the commitment to greater transparency however we note the ‘carrot’ of phase 2 transparency will not benefit ratepayers until 2026 while the ‘stick’ of information obligations will have been in place for three years from 2023. We would prefer the requirements for greater provision of information in exchange for increased transparency operated conterminously as far as possible.
- 1.9 While it may be debatable economically whether it is the occupier or the landlord who ultimately benefits from the improvements relief, we agree that the relief should remove the distortionary effect of improvements disincentivising businesses from equipping or expanding. We particularly welcome the commitment to review the relief in 2028. We are in favour of systematic transparent post-implementation reviews of business rates relief as explained in the 2017 Better Budgets report.
- 1.10 Currently businesses find it difficult to determine eligibility for reliefs and local authority guidance on reliefs can vary between billing authorities. This lack of transparency and consistency increases administrative burdens and adds complexity for business particularly for those operating across local authorities. The Treasury Committee recommended<sup>1</sup> the Department for Levelling Up, Housing and Communities should work with all billing authorities to create a single comprehensive guide on how business rate reliefs are operated by the individual billing authorities to provide clarity for business on what discretionary reliefs they may be eligible for, and what steps must be taken to claim them. We strongly endorse this recommendation.

## 2 About us

- 2.1 The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.
- 2.2 The CIOT’s work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.
- 2.3 The CIOT draws on our members’ experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.
- 2.4 Our members have the practising title of ‘Chartered Tax Adviser’ and the designatory letters ‘CTA’, to represent the leading tax qualification.

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<sup>1</sup> Paragraph 60 [https://publications.parliament.uk/pa/cm201919/cmselect/cmtreasy/222/22206.htm#\\_idTextAnchor015](https://publications.parliament.uk/pa/cm201919/cmselect/cmtreasy/222/22206.htm#_idTextAnchor015)

### 3 Introduction

3.1 The Department for Levelling Up, Housing and Communities as well as HM Treasury are consulting<sup>2</sup> on the technical detail of the government's proposed changes to business rates following the conclusion of the fundamental review of business rates<sup>3</sup>. The proposed changes are:

- More frequent (3-yearly) valuation cycle
- Introducing relief for improvements to properties
- Measures to support investment in green plant and machinery
- Some operational aspects including discretionary rate relief

To facilitate the new 3-yearly valuation ratepayers will be required to notify the VOA of changes to the occupier or physical property characteristics, and to provide rent and lease information to the VOA, as well as trade information used for valuation. In tandem with this requirement, the government intends to remove the 'Check' stage from the appeal process, and introduce a three-month window for Challenges.

3.2 The consultation is intended to inform the implementation of these measures. Further consultations will be published on digitising business rates, exploring an online sales tax and introducing measures to address avoidance and evasion in relation to business rates.

3.3 Our stated objectives for the tax system include:

- A legislative process that translates policy intentions into statute accurately and effectively, without unintended consequences.
- Greater simplicity and clarity, so people can understand how much tax they should be paying and why.
- Greater certainty, so businesses and individuals can plan ahead with confidence.
- A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented).
- A responsive and competent tax administration, with a minimum of bureaucracy.

### 4 Chapter 1: Provision of information

4.1 The government will introduce a system of 'self-declaration' by the ratepayer (the person in rateable occupation or, if unoccupied, the owner) that is likely to take effect during 2023 by imposing new obligations on ratepayers to:

- Notify the VOA of changes to the occupier and property characteristics (commercial and lease information) relevant to the identification of ratepayers and valuation of properties for business rates, usually within 30 days.
- Provide rent and lease information

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<sup>2</sup> <https://www.gov.uk/government/consultations/business-rates-review-technical-consultation/business-rates-review-technical-consultation>

<sup>3</sup> <https://www.gov.uk/government/consultations/hm-treasury-fundamental-review-of-business-rates-call-for-evidence>

- Provide trade and accounts information relevant to rateable value

In designing the new online service for ratepayers to meet the new obligations, the government's aims are for a process that:

- is straightforward, easy to use, and adds minimal additional burden on ratepayers;
- can be easily met by small businesses and is not punitive on those who may legitimately struggle to meet perfect compliance but also provides the right incentives for all businesses to comply;
- allows lenience where appropriate for genuine errors, but focuses enforcement on those where intervention is most justified (such as those wilfully refusing to comply);
- is practicable and cost effective for ratepayers and the VOA.

4.2 The information obligations will apply to all ratepayers, including those who do not currently pay business rates as a result of a relief. The most significant mandatory reliefs in revenue terms are charitable rate relief and small business rate relief. As the consultation recognises, the new obligations will therefore impose requirements on those businesses who have had little engagement with the business rates systems to date, in particular, for small businesses eligible for 100% small business rate relief.

4.3 The new obligations will not apply to properties that are not hereditaments (or are wholly domestic) or to properties that are wholly exempt<sup>4</sup>.

4.4 **Q1. Do you have any views on the proposed implementation of the information provision system? What issues should be considered in the design of the new system?**

4.5 We agree with the design principles. We would add that setting out the requirements for reporting, and the sanctions for failure to comply, together with the safeguards (for example reasonable excuse), in statute (supplemented with easily accessible and understandable guidance as proposed) should underpin the design.

4.6 In part these design principles accord with and reflect the VOA's Charter<sup>5</sup>. The Charter commits to ensuring services are accessible for all ratepayers. We strongly recommend that the new process includes a paper alternative for ratepayers who are digitally excluded and therefore unable to access the new service online. It is also worth noting that many businesses owners might fall into this category and will have had little interaction with the business rates system due to reliefs to date.

4.7 In *LH Bishop Electrical Co Ltd and Others v HMRC Commissioners [2013] UKFTT 522 (TC)*, three of the appellants ran their own small businesses. Two of the appellants experienced disabilities which made it excessively difficult or impossible for them to use a computer, and a third lived in a remote area of the country where broadband access was absent or unreliable. All three were of an age which made learning how to use a computer particularly difficult and they would have had to incur the cost of instructing an agent. The judge held that the regulations which required online filing of VAT returns without providing exemptions for older people, those with disabilities or who lived in parts of the country which were too remote for broadband access, were in breach of the appellants' human rights and were unlawful under the EU Treaty. In response, HMRC introduced regulations which allowed VAT payers whose human rights would be breached by being forced to use computers and go online to submit telephone or paper returns for VAT, and

<sup>4</sup> Schedule 5 Local Government Finance Act 1988 sets out the exemptions including for agricultural land and building (as defined), fish farms, places of worship, sewers, drainage works, parks, property used for the disabled, property in enterprise zones etc.

<sup>5</sup> <https://www.gov.uk/government/publications/valuation-office-agency-charter/valuation-office-agency-charter>

for PAYE purposes those for whom it was not reasonably practicable to use electronic means of reporting were permitted to submit paper returns.

- 4.8 We also recommend that the online filing requirements are integrated with the business tax account and ultimately the single customer account<sup>6</sup> on the government gateway to ensure ease of use by small business owners.
- 4.9 Chapter 1 indicates the process will be designed to work for businesses that engage an agent to act on their behalf. However, there is no consideration in Chapter 2 of the role of agents and a lack of explanation generally about how this interaction might work. Agents will have a very significant role in ensuring the new system operates as intended and early consideration should be given to facilitating this interaction as was done very effectively when the Check Challenge Appeal (CCA) system was introduced. It is possible that more ratepayers will wish to use an agent to meet their new filing obligations.
- 4.10 There is no indication of the means by which agents will be authorised to act for their clients in meeting these obligations, whether through a specific agent services account or via a 'digital handshake'. We recommend that agents with a current authorisation to act for a client are not required to seek re-authorisation from their existing clients in order to return information under the new process. Our members' experience with the 60-day reporting service for capital gains tax – where such a re-authorisation was required - was that taxpayers simply do not understand why they need to authorise agents again for a new system when they have already given authorisation.
- 4.11 Ratepayers will need to sign up to a new VOA online service. Our members' experience in using similar online services in the tax system suggest the following features built into the design would improve/enhance the process:
- The ability to save a partially completed entry so that it is possible to return to the service when further information has been found/checked without having to start again.
  - An easy process for amending an entry that is subsequently found to be incorrect/inaccurate thereby reducing the scope for error and improving the ratepayer experience.
  - Clear guidance on the information needed **before** starting a process so all the information can be assembled in advance.
  - The ability for the system to be accessed by more than one individual within a business or an agent's firm - to allow for access to be delegated so multiple people can view and edit.
  - Unlimited text entry (that is, no fields with limits on the numbers of characters permitted to be used in them) and the ability to upload common file types (such as pdfs) easily to provide the information requested.
  - The ability to upload bulk data or information held in Excel or in other formats to minimise costs and administrative burdens.
  - Ensuring the system is accessible for non-UK based ratepayers and their agents as well as for resident ratepayers. We are aware that offshore ratepayers have found it difficult to register for CCA when they want their agent to submit an appeal to derate empty property undergoing refurbishment.

- 4.12 We welcome the commitment to designing a system that works for small businesses and businesses with large property portfolios. For large businesses with multiple hereditaments the ability to provide bulk data

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<sup>6</sup> The single customer account available to view by taxpayers, will replace the current online personal tax account and business tax account.

via the online system will be essential to minimise burdens, similarly a facility for group registration for the online process.

- 4.13 We note the government will seek to minimise instances where ratepayers may be asked to provide the same or similar information to government more than once. In considering the design, is there any scope for pre-populating the online system where information has already been reported, for example trading and accounts information provided via corporation tax returns or lease details in stamp duty land tax returns or lease information held at the Land Registry? It would be essential though to allow the ability to overwrite any prepopulated information so the ratepayer or their agent can amend incorrect entries and to explain/validate their reasons for doing so in white space.
- 4.14 The proposed extensive communications campaign is essential and welcome. One of the challenges will be communicating the changes to 'hard to reach' groups such as non-resident owners of unoccupied buildings. We note the intention is for local billing authorities to signpost the new online system. That will help existing businesses. There may be an early opportunity to signpost the obligations through the various interactions that new businesses have across government, for example, a first interaction might be with the Department for Business, Energy and Industrial Strategy (BEIS) to access guidance and support programmes. Similarly the VOA may wish to engage with other third party representative bodies (for example, for accountancy, tax, estate agents, solicitors and conveyancers) to raise awareness of this new system at an early stage. The aim would be to help these professionals prepare for the new system and raise awareness of it with their clients, so that compliance levels are high from the start.
- 4.15 Experience with similar online tax processes indicate engagement with representative bodies/stakeholders on the design of the new system, showing the pages in meetings so that comments can be provided on the ease with which users may interact with it helps to iron out any issues before it goes live. This is an approach which is being adopted by HMRC for the prospective system for MTD penalties for VAT for example (and appeals thereon) which HMRC indicate is proving useful.
- 4.16 **Q2. Can you see any difficulties in collecting this information or providing it to the VOA? Is there any further information that should be provided ?**

For unoccupied properties the consultation notes the VOA may need information about intended use and how it is expected to be occupied, the extent of the information required depending on the nature of the property. Unless the use of the building is relatively restricted and therefore its future use is apparent, for example in the case of a storage unit, the intended use could span a number of uses. What will be the consequences if the intended and actual use differ, in terms of penalties or sanctions?

- 4.17 For physical alterations to the property, guidance will be needed on when those changes are 'completed' such that the obligation to report arises. We note the discussion at paragraph 1.29 about service of a completion notice where a property is under construction. However physical alterations will not necessarily involve a formal completion notice.
- 4.18 Paragraph 1.26 of the consultation suggests the provision of trade and accounts information will apply only to a smaller number occupying specialised types of trade-related properties such as pubs and petrol filling stations. However the increase in turnover rents in the retail and hospitality sectors indicates a larger proportion of businesses may need to provide accounting information in future.
- 4.19 The consultation paper is silent on whether ratepayers will still be required to notify the billing authority of changes in occupation. We are concerned that there may be multiple notification requirements (to the VOA and billing authority) when information could be shared between them. Ratepayers will need to understand

from the outset which entity should be contacted if, for example, the occupation date or vacation date is wrong on the amended bill.

**4.20 Q3. How can the VOA best help customers understand what is needed and how to provide it?**

4.21 Clear accessible guidance is vital. Ideally it would be available in advance of the obligations taking effect although we recognise there may be Gov.uk protocols that prevent publication until the obligations are live. We suggest a helpline/ webchat will be needed at least initially for queries when it launches, as with the CCA launch.

4.22 Consideration might be given to using social media and webinars (similar to HMRC's Talking Points programme) both to provide early messaging and to provide guidance on how to access the new service. A facility to ask questions or check what is required may be needed at least initially.

**4.23 Q4. How do you want to be engaged with as this system is developed?**

It will be helpful to publish a proposed timetable or road map for implementation and the sequencing of stages leading up to implementation so businesses can plan for and establish their own internal processes to meet their reporting obligations. In practice the information needed may fall across different parts of a business – property/estate management, finance and legal. Establishing effective internal processes will be important as many of the trigger points listed in Chapter 2 are new, including the annual return, and not all are linked to an event that would be expected to prompt a reporting obligation especially within the short timescale of 30 days, for example the completion of physical alterations to the property.

**5 Chapter 2: Supporting ratepayers to meet their obligations**

**Q5. Does the proposed framework strike the right balance between a system of proportionate and flexible sanctions, and one which helps ratepayers to meet their obligations?**

In Appendix One we set out the CIOT's 10 principles against which HMRC's use of its powers, sanctions and safeguards and any proposed powers, sanctions and safeguards can be compared. Overall we consider the proposed framework strikes the right balance particularly for a wholly new system that will apply to ratepayers who have not previously engaged with the VOA as a result of eligibility for 100% rates relief. We think it will be important to keep the framework under review to ensure it meets its aim of supporting 3 yearly valuations.

5.1 It is essential for building and maintaining trust in the way the VOA use their powers and operate safeguards that can be effectively monitored and subjected to appropriate oversight. For example the HMRC Powers and Customer Safeguards Implementation Evaluation Forum has been set up to provide expert input to the evaluation of the implementation of HMRC powers and safeguards introduced since 2012. Including the new business rates compliance regime in the forum's scope (with suitable expertise) or establishing a similar dedicated oversight forum might be considered.

5.2 We note (from paragraph 2.27 of the consultation) that the VOA will maintain a picture of individual compliance to identify repeated and deliberate compliance. While we support an evidence-based approach, we would like to probe how this information is intended to be used in the context of other parts of the tax system. For example, under the Construction Industry Scheme in order to apply for gross payment status, a company must satisfy certain compliance requirements in the 12 months up to the date of application including all requests made 'to supply the Inland Revenue accounts or other information about its business'.

Is it intended that non-compliance with the new obligations will be taken into account outside business rates?

5.3 **Q6. What would you wish to see in an online service to best help ratepayers meet their obligations?**

Our suggestions are at paragraph 4 above.

5.4 **Q7. Under what circumstances would 30 days not be enough time for ratepayers to meet their obligations?**

Changes in lease agreements and in the use of property can be frequent. The obligations will require a significant increase in monitoring and will in many cases be quite onerous. Businesses, particularly medium and larger sized businesses, are likely to have a system of month-end reporting, therefore a deadline of one calendar month after the month in which the reportable event occurs would align more closely with existing practices.

5.5 **Q8. What processes might ratepayers have to put in place to meet their obligations and what costs might this bring?**

The government's aim is to ensure the online service makes compliance as straightforward as possible for all ratepayers. Information that needs to be provided via the online service may be held in various forms including on Excel spreadsheets or through other software (potentially including statutory accounts software, CT software and tagging software). Consideration should be given to how this information is transmitted or submitted to make it as easy as possible for ratepayers to comply without additional cost. It is not uncommon for a lease to cover multiple hereditaments. It will be time consuming and costly if the same information needs to be entered for each hereditament.

5.6 Looking ahead, the new online service needs to reflect and accommodate the government's long term aim is to 'transform business rates billing and collection by linking local authority billing systems to HMRC digital tax accounts'. The stated advantages include ratepayers, and potentially their agents having the ability to view and manage affairs in one place (presumably the business tax account/single customer account) and to receive a single business rates bill for all properties. We note agents cannot currently access a client's business tax account. Potentially a business may appoint an agent to act in relation to different taxes, an agent appointed to deal with business rates would then apparently have access to other tax data and information of the business which may be undesirable, unless access is granted to part only of the business tax account. The administration of business rates is not currently aligned to that of other business taxes and as such can lead to significant differences in approaches to how businesses deal with them. An alignment is likely to result in a more uniform approach which, together with other measures, should result in better understanding and compliance by ratepayers.

5.7 **Q9. Do you have any suggestions for how this compliance framework could be improved? If so, please provide evidence or scenarios.**

5.8 We suggest considering the issue of physical reminder letters and warning letters for penalties for failure to notify alongside the electronic reminders to maximise their effectiveness.



## 6 Chapter 3: Appeals reform and transparency

The government intends to remove the 'Check' stage from the appeal process, and introduce a three-month window for Challenges for the 2026 rating lists. 'Check' will remain in place for the valuation list from 2023 to 2026. From 2026 the VOA will be required by law to resolve Challenges within the lifetime of the list (in that instance from 2026 to 2029).

### 6.1 **Q10. Do you consider that the proposed reform to the rules on MCCs will ensure that changes in economic factors, market conditions or changes in the general level of rents are reflected at revaluations? If not why not?**

Noting the government's welcome commitment to providing greater transparency to ratepayers on valuation consideration might be given to how these changes will be transparently evidenced in revaluations.

### 6.2 **Q11. What are your views on the proposed improvements to the CCA system? How else could we improve CCA in a system under which ratepayers are now providing information under the new duties?**

We recognise the benefits of certainty in reducing the window of time in which to make a Challenge however the proposed 3-month window for submitting Challenges is very short. In Scotland there is a 6-month period from publication of the new list. We think a 6-month period is more reasonable to allow information to be gathered without undermining the benefits of certainty and faster resolution of disputes.

### 6.3 The Check stage will remain in place for the 2023 rating list potentially alongside the new information obligations. As the consultation notes the new duty will ultimately make Check redundant. A period during which both systems operate may provide an opportunity to reduce the current 12-month time limit to respond to a Check.

### 6.4 **Q12. Are there particular considerations that the respondents consider the government should have particular regard to when moving forward with phase 2 of transparency?**

We welcome the commitment to greater transparency however we note the 'carrot' of phase 2 transparency will not benefit ratepayers until 2026 while the 'stick' of information obligations will have been in place for 3 years from 2023. We would prefer the requirements for greater provision of information in exchange for increased transparency operated conterminously as far as possible, recognising however there may be concerns about releasing commercially sensitive data that need to be considered and addressed.

## 7 Chapter 4: Improvement relief

**Q13. Will the proposed rules for the improvement relief ensure the relief flows to occupiers who are investing in their business?**

**Q14. Do you consider that the 2 conditions will give effect to the stated policy intent? Do you have any concerns regarding the practical application of the conditions as set out?**

**Q15. Do you agree that the proposed method of reaching the chargeable amount will achieve the objective of preventing ratepayers who have undertaken qualifying works from seeing an increase in their bill for 12 months as a result of the qualifying works?**

### 7.1 While it is debatable economically whether it is the occupier or the landlord who ultimately benefits from the relief, we agree that the relief should remove the distortionary effect of improvements disincentivising

businesses from equipping or expanding. We particularly welcome the commitment to review the relief in 2028. We are in favour of systematic transparent post-implementation reviews of business rates relief as explained in the 2017 Better Budgets report.<sup>7</sup>

- 7.2 The measure will be introduced in 2023. As we note below the methodology for granting the relief (certification) is not linked to the introduction of the new information obligations so it is not clear why the introduction of the relief is delayed until 2023. The timing appears to incentivise a delay in undertaking improvements.
- 7.3 The mechanism by which the relief is to be applied (demonstrating to the VOA that the qualifying works condition and the occupation condition is satisfied followed by the issue of a certificate ) appears out of step with the 'self-declaration' approach to the information obligations and the policy aim to limit burdens on the ratepayer. The fact that improvements are being made will be provided through the notification of any changes to the property so the VOA will have the information. An easier approach for the ratepayer, and one more consistent with the wider tax system, would allow the claiming of the relief at the same time as the information notification is made.
- 7.4 We suggest there should be a prescribed time by which the certificates will be issued by the VOA, a 4-week period seems reasonable.

## 8 Chapter 5: Green measures

**Q16. Do you agree that the proposed changes to the plant and machinery regulations would ensure that plant and machinery used in onsite renewable energy generation and storage used with electric vehicles charging points are exempt?**

**Q17. Do you agree that the tests we are proposing in the heat networks relief scheme will ensure the relief is correctly targeted?**

- 8.1 We agree the proposed renewable plant and machinery exemption corrects the long standing anomaly where plant used to generate renewable energy for sale to a third party is exempt whereas when it is used for 'self-consumption' it gives rise to a business rate liability.
- 8.2 Both measures take effect from April 2023 in line with the new rating list. We recognise that it is easier administratively to implement these changes through the new rating list instead of amending the existing list but there may be a consequential delay in investment in order to benefit from the new relief.

## 9 Chapter 6: Other administrative reforms

**Q18. What are your views on the proposed reform to the administration of the central list?**

No comments

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<sup>7</sup> Published by the Chartered Institute of Taxation (CIOT), Institute for Fiscal Studies (IFS) and Institute for Government (IfG), the Better Budgets report outlines ten steps toward making better tax policy. <https://www.instituteforgovernment.org.uk/publications/better-budgets-making-tax-policy-better>

**Q19. Do you agree that decisions on the operation of local discretionary relief schemes should be localised to billing authorities in the way proposed. Do you consider any rules should still be imposed from central government and if so why?**

9.1 We agree with these reforms. In terms of discretionary rate relief, we note the statement *'The government believes it would be inconsistent to continue to operate a devolved and localised system of discretionary relief with a centralised set of rules regarding how that relief should be administered and varied.'* While we accept that local discretion should not be dictated centrally, there is a perception that the business rates relief administration sometimes lacks professionalism with vague statements such as 'we may award the relief' instead of setting out the objective criteria. Currently businesses find it difficult to know what reliefs they are eligible for, and local authority guidance on reliefs can be limited and vary between billing authorities. This lack of transparency and consistency increases administrative burdens and adds complexity for business particularly for those operating across local authorities. The Treasury Committee recommended<sup>8</sup> the Ministry for Housing, Communities and Local Government (MHCLG) should work with all billing authorities to create a single comprehensive guide on how business rate reliefs are operated by the individual billing authorities to provide clarity for business on what discretionary reliefs they may be eligible for, and what steps must be taken to claim them. We strongly endorse this recommendation.

9.2 **Q20. Are local authorities, ratepayers or other interested stakeholders aware of any other instances where existing constraints on section 47 relief are giving rise to administrative challenges or unintended practical outcomes?**

**Q21. Would the proposed reforms to the multiplier improve the administration of the system and if not why not? Do you agree that the deadline for confirming the multiplier should no longer be tied to the approval of the local government finance report?**

No comments

## **10 Acknowledgement of submission**

10.1 We would be grateful if you could acknowledge safe receipt of this submission, and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the consultation is published.

The Chartered Institute of Taxation

18 February 2022

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<sup>8</sup> Paragraph 60 [https://publications.parliament.uk/pa/cm201919/cmselect/cmtreasy/222/22206.htm#\\_idTextAnchor015](https://publications.parliament.uk/pa/cm201919/cmselect/cmtreasy/222/22206.htm#_idTextAnchor015)

**APPENDIX****HMRC POWERS & SAFEGUARDS****The CIOT's 10 principles against which HMRC's use of its powers<sup>9</sup> and safeguards  
and any proposed powers and safeguards can be compared**

1. Consistent – powers and safeguards should be applied consistently across HMRC, taxes and taxpayers.
2. Fair – powers should help build trust in the tax system and achieve a fair balance between the powers of the tax authority and the rights of taxpayers<sup>10</sup>, whilst being effective in identifying and dealing with non-compliance.
3. Proportionate – powers should be proportionate to the mischief they are introduced to tackle, used in a fair and even-handed way and are not abused.
4. Evidence based – decisions about when and how to use a power or operate a safeguard must be based on the available facts and evidence.
5. Be targeted appropriately and used for the purpose they were introduced for - the policy rationale for the power or safeguard should be clearly articulated at the outset and later deviations only considered exceptionally and after consultation.
6. Certain – there should be certainty about when and how a power or safeguards will and can be used; it should be set out in statute, with easily accessible and understandable guidance to supplement it.
7. Simple - so the rules can be more easily understood by taxpayers, agents and HMRC officers.
8. Transparent and communicated effectively – so taxpayers, agents and HMRC officers can understand and are aware of what taxpayers need to do to comply with their obligations or to challenge HMRC decisions.
9. Regularly reviewed – powers and safeguards should be reviewed regularly to ensure they are up to date and being used appropriately.
10. Access to justice – powers and safeguards should be subject to appropriate oversight, including the right for taxpayers to challenge HMRC decisions via statutory review, tribunal appeal etc.

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<sup>9</sup> HMRC's powers are wide-ranging and cover the ability to undertake compliance checks, obtain information and documents, make decisions, raise assessments, resolve tax disputes and apply interest and penalties. As well as civil powers, HMRC have powers to prosecute taxpayers where criminal behaviour is suspected but criminal law powers are outside the scope of this document.

<sup>10</sup> Fairness includes being inclusive. Taxpayers' rights include their rights to challenge HMRC decisions (eg via statutory review, tribunal appeal etc).