

Government must fix 'antiquated' business rates, firms and CBI urge

The Confederation of British Industry (CBI) and firms have called on the government to overhaul the "antiquated" business rates system, which they argue is stifling productivity and growth. A panel comprising representatives from retail and manufacturing sectors convened to devise proposals aimed at enhancing the existing system, with the goal of stimulating investment and turbocharging the economy.

CBI's chief executive, Rain Newton Smith, stated: "It's time to fix the antiquated business tax system once and for all, seizing the chance to boost investment and grow the economy."

She added that the current system is unfit for purpose and has negatively impacted businesses nationwide. This comes ahead of an autumn Budget where Chancellor Rachel Reeves is expected to announce significant tax hikes and reductions in public spending, as reported by [City AM](#).

Companies have criticised the current system as overly complicated, unpredictable, and unjust. While Labour has committed to reforming the rates regime, it insists that overall revenue must remain unchanged, a stance the lobby group argues makes comprehensive reform nearly impossible.

The CBI emphasises that businesses desire a fair and balanced approach, necessitating the abandonment of the revenue neutrality principle and the establishment of a transition from current regulations to long-term change. They are calling for immediate support for sectors adversely affected, as well as a long-term strategy in the forthcoming fiscal statement on October 30.

The CBI has put forward a series of recommendations aimed at overhauling the current business rates system, including adopting a 'banded' system akin to income tax, removing abrupt increases, and introducing annual revaluations. They are also advocating for a 120 per cent green super deduction for retrofitting, enhancing improvement relief, simplifying exemptions, reviewing reliefs, and excluding public buildings such as those used by the NHS from the system.

Further suggestions include improving transparency within the Valuation Office Agency (VOA), delaying notifications of property changes, and requiring justifications for any alterations in valuation methodology.

"Businesses want a system built on certainty, simplicity, competitiveness, transparency and fairness," said Newton-Smith, who emphasised that the CBI "stands ready" to assist the government.

"Firms have wholly welcomed the government's commitment to reform business rates. But the insistence on revenue-neutrality is misplaced."

Asda's Director of Estates, Dan Foxton, commented on the impact of business rates, saying: "Business rates are one of the most significant costs for Asda. The current business rates system is an obvious inhibitor to growth."

Tim Beattie, head of UK rating at JLL, also supported the reforms, stating: "These reforms address key business concerns and promote fairer, more predictable taxation."

"If implemented, these proposals would be a crucial step towards creating a more equitable and dynamic business environment."

The Treasury has yet to respond to requests for comment.

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