

The impact of business rates on business. Commons Select Committee

RSPH consultation response

In November 2018, RSPH published its report, 'Health on the High Street: Running on Empty'. The report highlighted the proliferation of 'unhealthy' businesses on the high street and a decrease in diversity of outlets. Through our literature review and consultation with stakeholders, one of the key conclusions was that, in order to tackle these issues, a business rates review was essential. This had public support. We also called for business rates relief for businesses that try to improve the public's health.

These two recommendations are cited in full below. The full report is available at <https://www.rsph.org.uk/our-work/campaigns/health-on-the-high-street/2018.html>

HM Treasury to review how businesses are taxed to ensure that online businesses are not put at an unfair advantage compared to the high street

Business rates are supposed to be a tax on all businesses, however they are based on the value of physical premises. With the rise in online businesses, this is an archaic means of calculating tax which puts high street retailers at a huge disadvantage. The October 2018 announcement of one third rates relief over a two year period will be a boost for smaller and independent businesses, but does not address this fundamental mismatch between online and physical businesses. There needs to be a complete review of how businesses' taxes are calculated to take into account businesses that do not operate with a traditional shop front. This would have the backing of the public, of whom three quarters (75%) believe that business rates should not put high street retailers at an unfair disadvantage compared to online retailers.* There is also a particular need to consider large, global online businesses which pay very little tax due to registering their operations outside of the UK. A so-called 'Amazon-tax' that ensures appropriate taxation of online giants such as Amazon, Apple, Google and eBay should be strongly considered. The digital services tax announced in October 2018 is a welcome first step in this direction, but much more far-reaching proposals, most likely through international treaties, will ultimately need to be considered if such companies are to be taxed at fair and appropriate levels. More than three in five of the public (63%) think such online companies should be taxed more heavily to better support physical businesses on the high street.*

Business rates relief for businesses that try to improve the public's health

Currently, businesses may receive business rates relief if they meet a number of criteria set by the local council, for example if they are a charity or rural business. We welcome the rates relief for small businesses announced in the October 2018 Autumn Budget, but would

additionally like to see discounted rates for businesses which are health promoting and support wellbeing, for example those businesses that score positively in this report.

* RSPH polling carried out by Populus, October 2018. Representative sample of 2,000 members of UK public.