



'Radical' Business Rates review to be announced



A "radical" business rates review, which could result in lower tax for UK business, is to be launched on Monday with its results expected to report in time for the Budget in 2016.

The Treasury said the review will pave the way for changes to the current system which has been in place since 1988. Danny Alexander, chief secretary to the Treasury called it the "most wide-ranging review of national business rates in a generation"

He added, "The time has come for a radical review of this important tax. We want to ensure the business rates system is fair, efficient and effective."

The review was first announced in the last Autumn Statement and is set to look at how firms use property; how the UK could learn from other countries and what changes could be made to the current system in order to modernise it and better reflect changes in property values.

The results are expected however to be fiscally neutral meaning that the amounts collected from businesses will not in fact alter.

Mr Alexander commented to the BBC on their Wake Up Money programme, "Lots and lots of people have views about how the business rates system doesn't work, but as soon as you get into what an alternative system might look like there's much less consensus."

The current system, which charges retailers based on the value of their shop or other commercial premises, has been widely criticised. The calculations are based on the rental value of the property which date back to the Poor Law established in 1601.

The Government postponed a review that was originally set for last year meaning that the valuations currently used are still based on property prices from 2008 before the financial downturn had an effect on commercial property prices.

It means that two businesses could be producing a similar turnover but be paying dramatically difference business rates depending on the size and location of their premises.

The rates paid by UK businesses are the highest in Europe and are often a business's biggest expense after rent and wages.

Business Rates generated more than £20bn for the Treasury in the last financial year but businesses have warned that they are outdated, blocking investment and damaging high street. Business rates are often cited as the main reason for the increasing number of empty shops on Britain's high streets as bricks and mortar retailers find it a struggle to compete with their online only competitors in price.

Cont...

The Latest UK Personal Debt Statistics

- The average total debt per household including mortgages was £55,003 in January
- 33.8 million plastic card purchase transactions were made every day in January 2015
- Outstanding consumer credit lending was £169.5 billion at the end of January 2015
- £8.2m was the daily write-off to individuals by banks and building societies
- Every 5 minutes and 55 seconds someone is declared insolvent or bankrupt
- Every 25 minutes 2 seconds a property is repossessed
- 1,163 people became redundant every day between October and December
- 1,765 Consumer County Court Judgements (CCJs) are issued every day, with an average value of £2,527

Stats from The Money Charity

John Cridland, director-general of the CBI, said the current system of business rates was "outmoded, clunky and regressive" and "holding back the high street".

"We'll be making the case for removing the smallest firms from paying business rates completely... and introducing more frequent valuations," he said.

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- Full range of financial, insolvency and restructuring solutions available
- Big enough to cope with the large jobs but small enough to care for everyone
- Experienced and qualified board of directors who care passionately about what we do and how we do it
- Focus Business Club – regular corporate events, newsletters, updates and blogs

Two million UK adults without a bank account



Nearly 2 million adults in the UK do not have a bank account leaving them disconnected from the 'financial mains' according to a recent report.

The Financial Inclusion Commission found that those without bank accounts face extra costs of £1,300 per year and often experience less choice of goods and services.

Around two thirds of those not currently with a bank account have had one in the past. Many of those however had suffered with debt problems in the past and as a result had their banking facilities withdrawn.

The choice of bank accounts on offer for people with a history of debt is often staggeringly limited.

The Commission, which is made up of Politicians and representatives from the financial sector and charities is aimed at raising awareness of financial exclusion in the run up to the General Election and has recommended that a Financial Health Minister be appointed.

It found the move towards digital banking could further increase the exclusion of some people from the financial world.

The report has also revealed worries that people may have insufficient savings to deal with a financial shock.

The report has discovered that fewer than half of all Britons are saving and that some 13 million people did not have enough to get

by for 1 month if they suffered as little as a 25% reduction in income. The commission also reported an increase in the use of high cost borrowing and illegal money lenders.

Sir Sherard Cowper-Coles, chairman of the commission, said: "Our vision is for everyone to enjoy decent financial health in the UK.

"That means every adult is connected to the banking system, has access to affordable credit, is encouraged to save, has the right insurance at the right price, and access to objective financial services advice."

A spokesman for debt charity StepChange said: "There is a pressing need to provide better protections for people who fall into debt, and better incentives and mechanisms to help people save and build up financial resilience."

A Treasury spokesman said: "We have taken a number of steps to tackle financial exclusion, including securing a landmark deal with the big banks on providing basic bank accounts for the most financially excluded, and committing £38m to help credit unions grow as an alternative source of affordable credit for hard working people."

Contact Focus Insolvency Group

If any of your clients have been affected by the stories in our newsletter or need advice on any other matters, please feel free to contact us on 01257 257030 or email a.fisher@focusinsolvencygroup.co.uk

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