



The Rating Surveyors' Association
(Founded 1909)

Sir Michael Lyons
Lyons Inquiry into Local Government
Room 3/12
1 Horse Guards Road
London
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Dear Sir Michael,

RSA RESPONSE TO LYONS INQUIRY ON THE IMPLICATIONS OF BARKER REPORT - EMPTY PROPERTY RELIEF & TAX

The RSA is pleased to have the opportunity to comment on the extended remit for your Inquiry to consider the recommendations of the Barker, Leitch and Edington reports. Our comments are in respect of the Barker report on empty business rates, since the Leitch and Edington reports fall outside the scope of our expertise.

The Rating Surveyors' Association is a professional organisation representing the interests of experienced Chartered Surveyors who specialise in the field of business rates. The Association was founded in 1909 and now has over 400 members drawn from private practice, corporate bodies, the Valuation Office Agency and local authorities.

Our primary function is to work with the various bodies responsible for the rating system - Communities and Local Government, the Valuation Office Agency, local authorities and the Valuation Tribunal Service - to improve the business rates system. We actively pursue this objective, keep our members up to date on relevant issues, encourage their participation on all aspects of our work, and organise social events to bond people of like minds.

Many of the members advise and represent ratepayers who own and occupy all types and sizes of property throughout England. We are therefore in a position to provide a balanced view on the proposals.

Due to the nature of the Inquiry and to avoid unnecessary duplication, we have contributed to the response which has been made by the RICS. We are in agreement with the RICS response on the empty business rates element prepared by its Rating and Local Taxation Public Policy Panel.

We however would make the following additional comments to reinforce the views expressed:

1. In the preparation of the Barker report the professional bodies such as the RICS, IRRV or RSA and the government department responsible for assessing properties for rating purposes, the Valuation Office Agency, do not appear to have been consulted in arriving at the report's conclusions for introducing an empty vacant land tax.
2. Our concerns at the piecemeal approach being adopted in proposing a charge in isolation on vacant and derelict brown land without considering the broader picture and potential detrimental impact on the existing rate income, the property market and other related matters.
3. A review of all the property reliefs and exemptions is recommended by us which will require sufficient and accurate data being provided in order that a reasoned decision can be made on their individual cost effectiveness and whether they are still appropriate or not.

4. The proposed tax is fundamentally flawed and past experience shows it is unlikely to be workable or cost effective. Non-domestic rates and council tax provide approx £40 billion pounds of tax to the government. With the current NNDR poundage of 43.3 pence in the £, ratepayers already pay a property tax at much higher levels than other countries. In Hong Kong, where the rates are at only 8%, a similar tax has not had the desired result and has been subject to extensive litigation; a decision is awaited on a recent case which lasted 12 weeks. It is not an appropriate tax since it is often factors outside the owner's control which result in land being or remaining vacant. Why should an owner pay the proposed tax when it may well be due to government legislation or departments which has caused the land to remain vacant. This would also be tax on publicly owned property which would ultimately result in the individual taxpayer having a further tax burden.
5. We are very concerned that the CLG (former DCLG), which has the administrative responsibility for the rating system, has insufficient resources and expertise to consider any significant changes to the non-domestic rating system. The rating stakeholders which include the professional bodies and ratepayers are prepared to work with public bodies, such as the Valuation Office Agency and the Valuation Tribunal Service, to improve the business rates system and in particular in respect of the 2010 Revaluation. However CLG has stated on record it is not in the position to deal with any improvements that we might agree to.

We await with interest the publication of your report.

Yours sincerely

Graham Beaumont,

R G Beaumont BSc FRICS

President of The Rating Surveyors' Association