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Clifton Davies Consultancy Limited specialises in all licensing, gambling and regulatory issues affecting the pub and bar industry. The views expressed by David Clifton and Suzanne Davies are given without any assumption of liability on their part. If you have any questions, do get in touch and they will be pleased to provide answers, either via this page or direct. **E:** dc@cliftdavies.com / sd@cliftdavies.com **W:** cliftdavies.com

Have your say on business rates

David Clifton comments on the Treasury Committee's business rates inquiry that runs until 2 April

Kate Nicholls, chief executive of UKHospitality doesn't mince her words. Talking about business rates, she recently said: "The system is now completely out of date, doesn't reflect the realities of business in the 21st century and disproportionately cripples hospitality... Only a complete overhaul of the system – as promised in the Conservative Manifesto – will ensure high street businesses, and hospitality employers in particular, are finally going to be taxed fairly."

I suspect most, if not all, readers will share that very strongly expressed viewpoint. The good news is that the Treasury Committee has launched a new inquiry that will scrutinise how government policy on business rates has impacted business – you have until 2 April to submit your own views to the inquiry on a written submission form accessible on the parliament.uk website.

You will find plenty to support your submission on both the UKHospitality and BBPA websites. For example, Brigid Simmonds, chief executive of the BBPA, pointed out last year that pubs pay 2.8% of all business rates while accounting for less than 1% of rateable turnover.

It is worth looking at last year's proposal by the Liberal Democrats to replace the business rates system with a Commercial Landowner Levy, taxing land rather than property, that was welcomed in principle by UKHospitality, which added that "any future system must also incorporate a tax on digital businesses to ensure they pay their fair share."


Things have moved on in both of those respects since then because the current business rates inquiry will be considering whether a land-value based tax might represent a fairer approach and a government consultation has just concluded on the new Digital Services Tax due to be introduced in April 2020.

If you run a live music venue, you will no doubt have strong views on the Treasury's decision in January to exclude such venues from the business rates relief available to properties with a rateable value of less than £51,000 that are wholly or mainly being used as shops, restaurants and drinking establishments.

Looking at the terms of reference for the inquiry, it is apparent that the Treasury Committee will want to receive views on whether the current business rates system (a) is fair, (b) supports growth and encourages competition, (c) provides certainty and (d) is 'coherent' – each of which it describes as the 'pillars of good tax policy'. It will also want to explore the impact of business rates on rental prices and property prices.

In terms of background, you might find helpful the House of Commons Library 'Business Rates' Briefing Paper (number 06247 dated 19 December 2018), that you will find by incorporating those words in an online search.

At the conclusion of the inquiry, the committee will make recommendations to the government on the fairness and effectiveness of the current business rates system and how it could be improved.

With recently published statistics from the Office of National Statistics showing that more than 11,000 pubs (representing 25% of all UK pubs) have closed since 2008, it is an immensely crucial issue for your industry. As Nicholls says: "The reality is that without proper root and branch reform of the system and a rethink of how the sector is taxed, pubs will continue to close." 

QUESTIONS & ANSWERS

Q: My designated premises supervisor (DPS) has moved house. Do we need to notify the council?

A: The short answer is yes. Section 33 of the Licensing Act 2003 places a duty on the holder of a premises licence to notify the licensing authority of any change of address of the DPS (unless the DPS has already done so). The notification must be accompanied by the premises licence and the £10.50 fee. Additionally, as a personal licence holder, the DPS is under a separate statutory duty (imposed by section 127 of the 2003 Act) to notify the applicable licensing authority of his or her change of address.

Q: Why is there a fuss at the moment about under-age use of pub machines?

A: Last November, the Gambling Commission announced that 61 tests in a sample of English pubs indicated that almost 90% failed to prevent children accessing their gaming machines. It added that the failure rate did not vary significantly between licensing authorities, nor between large pub companies and independents. Pub staff are expected to prevent this occurring, so you should not only have supervision arrangements in place but also ensure that machines are located so that their use can be properly supervised. You should have clear signage on view indicating the no under-18s age restriction and be ready to conduct age checks on those using machines in the same way you do on those buying alcoholic drinks. You will find helpful information about this on the Gambling Commission's website.

Q: Tell me about the Pubs Code awards

A: Since December, in what was intended by the PCA as a "significant step to creating greater transparency in the arbitration process and providing equality of arms between pub companies and tied tenants", information about awards made in statutory arbitration relating to market rent only (MRO) and non-MRO issues has been published on the gov.uk website, together with information about how the PCA approaches publication of awards and considerations for tenants in providing their consent to publish.