

Business rates

The media have been running two popular causes in recent days. The campaigners want the government to spend more on social care. Campaigners also want no business rate rises in places where property prices have risen. This highlights the perpetual tension. How do you raise enough money for good purposes without overtaxing the people and businesses which generate so much of the national income?

Taxing work and enterprise is never a popular idea, nor helpful to promoting growth. It is a necessary evil as the country wants to have decent public services. The skill is how do you raise enough from those who earn the money without doing too much damage to enterprise?

The decision to tax business property is commonplace around the world. The political difficulty in the UK comes from the need for periodic revaluations of properties. In the areas where these have risen a lot businesses face large increases in rates bills. In the areas where values have gone down other businesses benefit but are not so vocal about the changes.

Is this a good system for taxing business? If you did not raise business rates, how would you replace the revenue?

I favour setting income and profits tax rates that people and business will pay and can pay, to avoid too much damage to incentives and to keep business and enterprise at home. I have no problem with the principle of business rates but would be interested in comments on the current levels.