

I understand that the All-Party Parliamentary Beer Group is undertaking an inquiry into the effect of Business Rates on the Pub Industry. There are many elements of the Taxation of the industry that are anomalous but I wish to draw your attention to one that has been particularly iniquitous over recent years.

Members of Parliament should be aware that Business Rates (NNDR) are levied on the turnover of Public Houses, as we have to provide our annual takings to the Valuation Office Agency (VOA) every few years. However, an iniquity is caused by the fact that no allowance is made for the inclusion of the Excise Duties levied by Government in those figures. It is only a few years since there was a 42% increase in duty in only four years. This caused a massive rise in the income of pubs but a reduction in their profitability, as it was difficult to pass on all this increase to customers without a significant fall in the level of trading. Hence, the amount taken in trade increased, leading to an upwards revaluation in Business Rates, while the profitability of businesses fell. It should be noted that V.A.T. is also levied on top of the Excise Duty imposed (a double taxation), although V.A.T. is not included in the figures provided to the V.O.A. The inclusion of Excise Duty in calculating Business Rates is a further instance of multiple taxation.

However, Business Rates are to be determined in the future, it is essential that this element of Triple Taxation is removed. Both VAT and Excise Duty should be removed from any calculations used for the determination of Business Rates. It is only to be hoped that VAT will also cease to be levied on Excise Duty at some point in the future.

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