

RESPONSE TO HM TREASURY AND DLUHC CONSULTATION ON BUSINESS RATES AVOIDANCE AND EVASION

1 Introduction and Overview

- 1.1 The Greater London Authority (GLA) welcomes the opportunity to respond to the government's consultation paper on the scope and scale of avoidance, evasion and poor rating agent behaviour in the business rates system, and potential methods to tackle it.
- 1.2 English local authorities including London billing authorities, the IRRV and the LGA have consistently raised concerns about the growth in organised business rates avoidance and deliberate evasion schemes in recent years particularly in relation to the abuse of empty property relief. This has been compounded by the impact of various legal judgements which mean that existing legislation and case law is no longer adequate or fit for purpose. As a result a two-tier system has emerged under which larger firms who can afford to employ rating agents or more nefarious players seeking to exploit legal loopholes are able to materially reduce their rates liability.
- 1.3 As the consultation paper itself notes the LGA estimated in 2019 through a survey of local authorities that at least £250 million was being lost in business rates income due to avoidance – equivalent to one per cent of the national tax take. Anecdotal and statistical evidence suggests that in London the level of avoidance has increased in recent years and therefore there is increasing urgency for the government to consider measures to limit this.
- 1.4 The GLA recognises that the government has taken some welcome measures through the Non Domestic Rating Bill and other legislative changes to place additional duties on ratepayers to report changes in occupation and circumstances as well as improving data sharing between local authorities and the Valuation Office Agency. However, despite various discussion papers, calls for evidence and two fundamental reviews of business rates since 2015 there has been a lack of progress in reforming the tax in England most notably in relation to tackling avoidance and evasion. This consultation – while long overdue – is therefore timely.

Reforming Empty Property Relief

- 1.5 Local authorities have highlighted, consistently, how the design of the current empty property relief (EPR) scheme is the largest single driver of business rates avoidance in England. Due to the impact of the pandemic on the demand for office space and increasing vacancy rates the losses due to avoidance measures also appear to be growing despite the best endeavours of local authorities to tackle this using their existing limited powers.

- 1.6 The Corporation of London, for example, in its response to this consultation has noted that the level of empty property relief granted in the Square Mile has increased from just under £43 million in 2018-19 to almost £82 million in 2022-23 – a rise of more than 90 per cent (see Table 1 below). The number of premises in receipt of more than one period of relief per annum in the City also increased by 73 per cent over the same period. While the wider economic situation and move to greater home working will have been a factor in this change a significant proportion is estimated by the Corporation to be driven by avoidance measures. This has been compounded by the impact of the 2018 ‘Principled Offsite Logistics vs Trafford Council and others’ legal judgement. In this case the High Court ruled that the storage of goods is sufficient to constitute beneficial occupation even if the intended use of a property is as a working office space.

Table 1

Trend in Empty property relief (EPR) granted and number of empty hereditaments in City of London from 2015-16 to 2022-23

	Level of EPR Awarded £m	No of empty properties at year end	No of properties with two of more periods of EPR in one year
2015-16	40.3	3,038	274
2016-17	42.8	3,547	418
2017-18	43.4	3,599	410
2018-19	42.8	3,837	342
2019-20	47.4	3,961	419
2020-21	52.6	4,783	360
2021-22	86.5	6,319	668
2022-23	81.7	5,337	591
% change 2022-23 vs 2018-19	90.9%	39.1%	72.8%

Source City of London Corporation NNDR data

- 1.7 The City’s analysis suggests that around 3 per cent (equating to c£35 million) of its net collectable debit is being lost due to avoidance measures – three times the LGA’s 2019 national percentage estimate. While noting the incidence of is likely to be higher in the central London office sector where the financial incentives are greater - if replicated across the capital this would equate to potential losses due to avoidance measures in excess of £250 million per annum in London.

- 1.8 The UK government has failed to take adequate steps to address growing avoidance through empty property relief in England which contrasts starkly with the reforms introduced by the devolved administrations in recent years. The Welsh government, for example, introduced changes to EPR in April 2022 which extended the required duration of occupation during the reset period for this relief from six weeks to six months.
- 1.9 The Barclay Review of business rates in Scotland recommended the creation of a General Anti-Avoidance Rule, and the Non-Domestic Rates (Scotland) Act 2020 introduced regulation-making powers to empower councils to tackle rates avoidance. The Scottish government also extended the minimum EPR reoccupation reset period to six months from April 2020. On 1 April 2023 the determination of empty property relief policies was devolved entirely to Scottish local authorities. This demonstrates the clear benefits of fiscal devolution.
- 1.10 Similar reforms in England are therefore long overdue. As a priority the government should take immediate steps to extend the reset period before a ratepayer may once again claim empty property relief from the current six week requirement to six months – ideally with effect from 1 April 2024. In addition empty relief should not typically be able to be claimed more than once on the same hereditament in any 12 month period. The GLA would encourage the government to consider the impact, however, of any reforms on the serviced office sector (including flexible and creative workspaces) given its unique circumstances alongside a wider review of small business rate relief.
- 1.11 It is our understanding that these specific reforms to EPR could be made without primary legislation and would align the arrangements in England with those now in place in Wales and Scotland. While this would not eliminate all avoidance it would act as a deterrent by making such schemes less financially viable.
- 1.12 The GLA also welcomes the suggestion in the consultation paper that – at least as a temporary measure – the government should fund billing authorities to use their powers under section 47 of the 1988 Local Government Finance Act to award empty property relief locally rather than there being a prescriptive one size fits all nationally imposed policy.

Wider business rates avoidance and evasion

- 1.13 Any reform of empty property relief needs to be accompanied by other anti-avoidance and evasion measures in order to tackle wider abuses of the business rates and wider tax system. The consultation paper highlights the existing powers which billing authorities have to combat illegal activity under the 1988 Act in relation to fraudulent claims for small business rate relief (which may only be claimed by companies typically if they operate from a single property) and the Fraud Act 2006 in relation to Retail, Leisure and Hospitality relief (which has a £110,000 cap nationally per business entity). They remain insufficient, however, to tackle the growth in avoidance measures and fraud in recent years.

- 1.14 The GLA also welcomes, in principle, the VOA's NNDR reform programme and the HMRC's digitalising business rates (DBR) project. Subject to this being implemented in consultation with billing authorities the DBR project should create a single overview of business rates across England linked to wider HMRC data. Should a future government seek to expand eligibility for small business rate relief by increasing the qualifying rateable value threshold the successful roll out of this project will be critical to eliminating fraudulent claims. These changes will only go so far, however, unless they are implemented alongside other reforms to tackle organised criminal activity.
- 1.15 Westminster City Council has very clearly highlighted how during the Covid lockdown, a number of US-style candy and souvenir stores with often secretive ownership structures appeared in shop voids along Oxford Street. These have been at the centre of investigations around unpaid business rates – which approached £9 million this summer – and the sale of illegal and unsafe goods. These high profile examples are of course being repeated on a smaller scale across the country.
- 1.16 The City of Westminster and other stakeholders have lobbied to strengthen the Economic Crime Bill to ensure it provides sufficient support for the National Crime Agency (NCA) and HMRC to tackle what are thought to be wider and overseas criminal activities. One issue of particular concern is the fact a company can be set up at Companies House with fewer checks than needed to take out a local authority library lending card. Indeed the BBC highlighted earlier this month that since June around 80 bogus companies have been registered to addresses on just one street in Leigh on Sea in Essex by individuals based overseas without the knowledge of the property owners¹.
- 1.17 This highlights that any reforms to tackle business rates evasion and avoidance will only be effective if they are implemented alongside other measures to give local authorities, the NCA/local policing bodies and HMRC the powers and resources to tackle wider challenges linked to organised crime.

Rogue Agents

- 1.18 Business rates avoidance measures are now so routine that legitimate rating agents are forced into them to stay competitively viable. Third party companies which are not rating agents continue to profiteer from the weaknesses within the rating legislation to the detriment of legitimate firms in the sector.
- 1.19 The GLA would support a mandatory registration process for tax repayment agents with representative bodies. Until rating legislation is strengthened and billing authorities have adequate tools and resources to tackle avoidance and evasion, rogue agents and other third parties will continue, however, to exploit the system.

¹ <https://www.bbc.co.uk/news/uk-england-essex-66810106>

Conclusion

- 1.20 While the GLA welcomes the proposals outlined in this consultation document they are simply a symptom of wider problems with business rates as a tax. It has become increasingly complex and lacking in transparency and in order to sustain its viability has to be underpinned by a myriad of piecemeal and often temporary exemptions and reliefs. More fundamental reforms are outside the scope of this consultation but without them the ultimate causes and drivers of avoidance and evasion will not be eliminated. The tax needs to be made simpler and fairer with a focus on increasing the small business rates relief thresholds to take more SMEs out of liability entirely.
- 1.21 The GLA would encourage the government, in particular, to consider in detail the responses made by individual local authorities and the IRRV including the practical examples and case studies of avoidance and evasion measures being deployed locally. The GLA would endorse giving billing authorities greater powers to prepare and develop their own local policies around reliefs (including EPR) and avoidance similar to the arrangements which have been put in place in Scotland – underpinned at least initially by government funding.
- 1.22 The government should consider the responses made to this consultation as a matter of urgency. It should then publish a clear plan of action to implement a wider package of reforms to address avoidance and evasion commencing within the term of the current parliament. Indeed the GLA sees no reason why certain changes not requiring primary legislation – such as extending the EPR reset period to six months – could not be introduced from 1 April next year.
- 1.23 Our response to the specific questions in the discussion paper are set out in Appendix A.

CONTACT

Any questions in relation to the issues raised in this response should be referred to:

Martin Mitchell

Finance Manager

Greater London Authority

City Hall London E16 1ZE

Email: martin.mitchell@london.gov.uk

Tel: 07717 427056

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RESPONSE TO QUESTIONS RAISED IN CONSULTATION PAPER

Chapter 2 – Measures to reform rates on unoccupied properties

Question 1: Would increasing the required duration of occupation during the 'reset period' from 6-weeks to 3- or 6-months, in your view, be effective in reducing avoidance through empty property rates?

The GLA would support increasing the required duration of occupation from six weeks to six months – which would align England with the changes which have already been place in Wales since April 2022 and Scotland since April 2020. This reform should be implemented as a matter of priority – ideally from April 2024 – as it is our understanding that this change could be implemented without primary legislation.

An extension of the reset period from six weeks to only three months would, in our view, provide insufficient financial deterrent and would still result in significant losses in business rates revenues. The financial incentives would still remain significant in central and inner London where rateable values of office space are materially higher than the national average.

The City of London Corporation and Westminster City Council – in particular – have highlighted issues with the current empty property relief schemes for a number of years which have contributed to the growth in avoidance measures in the Square Mile and the West End. The current six week reset period allows landlords and their agents to operate light touch schemes which only require a few boxes to be placed in a property to give the semblance of occupation. These schemes are often operated by third parties who are clear the sole purpose of the arrangement is to avoid business rates.

The three-month Empty Property Relief exemption and the decisions in *Makro Properties Limited v Nuneaton & Bedworth Borough Council* and *The Queen (Principled Offsite Logistics Limited) v Trafford Council and Others*, have led to widespread abuse of the exemption. Since the Principled Logistics judgement was issued by the High Court in July 2018 the City of London – as highlighted in its response to this consultation – has identified a large rise in the number of avoidance schemes being operated. In the last 12 months the City estimates that the use of a reoccupation scheme has resulted in rates avoidance totalling around £35m – equating to around 3% of its total rates base. In addition total amount of empty property relief granted in 2022-23 was more than 90 per cent higher (i.e. a rise of around £40 million) in the City than in 2018-19 – with the number of empty properties subject to EPR growing by nearly 40 per cent. This highlights the growing urgency to reform EPR.

Question 2: What potential issues may arise from requiring occupation for 3- or 6-months during the 'reset period'?

The GLA does not consider there should be any significant issues arising from moving the re-set occupation period from 6 weeks to 6 months for the vast majority of ratepayers – noting that these changes have of course already been made in Scotland and Wales. Local authorities will still have to undertake appropriate compliance measures and this change will of course not eliminate attempts at contrived occupation. It will, however, make it more challenging and less cost effective to pursue such avoidance measures.

The GLA is conscious, however, of the impact that this change could have on the serviced office sector (and potentially flexible and creative workspaces), and it appreciates that if serviced offices continue to be valued as individual units rather than one assessment, this may adversely affect providers. This is because providers could lose the business rates exemption they currently receive for many of the short periods when units are vacant. A review of the valuation arrangements for serviced offices is long overdue and the GLA would encourage the government to consider the potential implications on this sector specifically when implementing any reforms to EPR. This could be delivered alongside a wider review of small business rate relief including its impacts on the serviced office sector including flexible and creative workspaces.

Question 3: Would introducing a limit on the number of times EPR could be claimed in a given time period, in your view, be effective in reducing avoidance?

Yes.

The change to the required duration of occupation during the reset period should be supplemented by an added requirement that EPR cannot be claimed more than once on the same hereditament within a 12 month period once the initial three month exemption has been used – except in certain exceptional circumstances. This would address a further cause of growing avoidance – as is evident in the 72 per cent growth in the number of hereditaments where EPR is being claimed more than once in a twelve month period since 2018-19 in the City of London. In principle, the GLA would also favour local authorities being given much greater local discretion to vary empty rate relief policies.

Question 4: What potential issues may arise from limiting the number of times properties can benefit from EPR within a given period?

The GLA considers that billing authorities could be given discretion to award EPR for a second period within 12 months in exceptional circumstances – such as where a new ratepayer is in occupation and is undertaking a significant refurbishment.

In London where there is a significant service office sector (including flexible workspaces) the GLA also recognises as highlighted above the impact this additional change could have on the serviced office sector. This because they continue to be valued as individual units in order to maximise the level of small business rate relief. The government should consider working with the VOA to develop a separate scheme of valuation for serviced offices which could apply a vacancy factor to reflect their specific circumstances.

Question 5: What are your views on adding additional conditions to the meaning of occupation for the purposes of determining whether a property should benefit from a further rate free period?

The GLA would support this, in principle, but is concerned that adding such conditions might be challenging given that caselaw on occupation has been developed over many decades. Subject to these caselaw issues the GLA would supporting giving billing authorities greater local discretion to determine, in their opinion, if a property is wholly or mainly occupied before granting EPR.

Question 6: How could the additional occupation conditions be effectively defined to reduce avoidance?

The GLA would encourage the government to consider the City of London's proposal to add an additional meaning to the currently accepted definition of 'Actual, Exclusive, Beneficial and Non-Transient', in relation to occupancy rating principles by introducing 'Relevance' or 'Intent' as an additional requirement. As they outline this could require any temporary or short term use of a property to be consistent with the purpose for which the property was constructed and to which it is categorised for planning purposes. In simple terms occupation and use of an office would, as a result, need to be consistent with that of an office rather than being achieved by means of using it as a storage facility or temporary exhibition space. This would have to be implemented with caution as widening the scope of occupation in these terms could give rise to legal challenges and unintended consequences.

Question 7: What are your views on reforming the current arrangements for empty property rates relief and replacing them with a local, discretionary scheme?

The GLA would support this proposal as it would allow local authorities to tailor their EPR policies to reflect their specific local circumstances. At least on an interim basis the Government should fund the additional cost of these local discretionary schemes until they are embedded which would allow individual authorities to trial alternative approaches before determining longer term policies.

We would note that since 1 April this year the determination of empty property relief policies has been devolved entirely to local authorities in Scotland. The UK government should monitor how those devolved arrangements are operating using any lessons learned to inform the development of a similar scheme in England.

Question 8: Are there any other additional criteria which, in your view, should be met for a property to qualify for EPR?

The GLA would encourage the Government to consider the responses made by the IRRV and individual billing authorities in response to this question.

We note that in its response the Corporation of London has proposed defining occupation with regard to machinery and equipment in legislation rather than leaving it to case law and interpretation. Modern offices are often left fully furnished with desks, chairs, screens and other equipment in situ between periods of use – which is becoming more prevalent with the increase in hybrid working. There is a case to be made that EPR should only apply where a property is completely vacated with no items of any nature left within the property. This would be easy to define, easy to understand and would remove any inconsistency in interpretation.

‘Plant, Machinery and Equipment’ could therefore be defined as items that are affixed in some way to the property and exclude desks, chairs and soft furnishings that can easily be removed but when in place can give the appearance of occupation.

Question 9: Would removing the ‘next in use’ exemption, in your view, be effective in tackling avoidance of EPR?

Yes. The GLA would support the removal of the next in use exemption provided that protections are put in place for genuine charitable bodies. It does not seem logical that there should be an indefinite period during which EPR can be claimed based on a potential future use for charitable purposes. Charities ultimately taking out a lease on a property would of course benefit from EPR for up to 3 months and thereafter benefit from the 80 per cent mandatory relief for that sector.

Question 10: What issues may be caused by the removing the ‘next in use’ exemption?

Subject to ensuring genuine charities are not adversely affected by this reform the GLA does not envisage any wider issues arising. This difficulty could be circumvented by giving local authorities the discretion to grant this exemption in the exceptional case where a genuine charity would be materially disadvantaged.

Question 11: What are your views on how the ‘next in use’ exemption may be improved to minimize the opportunities for rates avoidance, including (but not limited to) introducing additional criteria or devolving the award of the exemption to local authorities?

The GLA does not believe there is a case to be made for retaining the ‘next in use’ exemption and billing authorities have indicated that it is now primarily used simply as a means of rates avoidance. If it was to be maintained then the exemption should be devolved to the local authority to determine but it seems unlikely that there would be any scenario where it would be awarded.

In this scenario the GLA believes that local authorities should be granted the local powers to determine whether a property is being used or is going to be used for charitable purposes and if the use is primarily for the public benefit. This is not a role which the Charity Commission should be expected to undertake as its function is not to reduce business rates avoidance.

The GLA would support therefore devolving the award of the exemption to local authorities in principle – on the proviso that at least on an interim basis the government provides funding to offset the lost revenues to allow time for such local schemes to be trialled and embedded.

Chapter 3 – Wider business rates avoidance and evasion

Question 12: What methods of avoidance have you encountered in the business rates system, in addition to those outlined in Chapter 1? Please include any information you have relating to the potential scale of any such activity in your answer

The GLA would refer the government to the examples given by individual billing authorities and the IRRV in their responses. We are aware of a number of examples of avoidance schemes which have been deployed in London as summarised below:

- **Use of Scheme of works** – following the Newbiggin vs Monk Supreme Court decision properties subject to a proposed scheme of works are being removed from the valuation list even though the properties remain occupied or the proposed work is indefinitely delayed or never takes place at all. The VOA do not appear to be monitoring progress on these works so in theory the property could remain out of rating indefinitely.
- **Snail Farm/Mushroom farms** – the placing of snail boxes or mushroom grow bags into an office building with the intention of obtaining the agricultural exemption.
- **Splits or mergers** with the aim of minimising business rates – for example by qualifying for small business rates relief have been growing in recent years.
- **Bluetooth Boxes** – small transmitters are being placed in large office blocks broadcasting messages to the public. These are moved in and out to take advantage of the six week reoccupation reset period for EPR.
- **Places of Religious Worship** – applications are being made via a form 76 to list properties as a place of religious worship under the Places of Worship Registration Act 1855 so they can be made exempt from business rates. It is unclear how these applications are vetted but provide another basis for avoidance. The GLA is unclear how rigorous the application vetting process is with regard to this classification but anecdotal evidence suggests that this is being deployed as a further avoidance measure.
- **Using Liquidation/Winding Up actions** to avoid rates – which are difficult for authorities to assess the genuine nature of. One solution would be to list local authorities as a preferential creditor in winding up and liquidation cases which would allow them to properly scrutinise the process.

Question 13: Do you have any suggestions for what action could be taken to effectively mitigate against, discourage or prevent this behaviour?

The government should consider introducing general avoidance legislation for business rates similar to those currently held by HMRC to tackle avoidance/artificial arrangements. Otherwise there is a risk that the reform of EPR will simply cause agents and ratepayers to develop new forms of avoidance.

In addition to making more business rates reliefs discretionary, there could also be a clear statutory definition of occupation introduced.

Question 14: Are you aware of any of the forms of evasion listed above? Please include any information you have relating to the potential scale of any such activity in your answer.

As the consultation says, the key difference between avoidance and evasion is that evasion is illegal. There is some evidence of the misuse of insolvency and charity legislation and breaching of the limits for small business rates relief by claiming this in multiple billing authorities as well as businesses breaching national caps for relief eligibility (e.g. the £110,000 cap per business entity in place for retail, leisure and hospitality relief since April 2022). This highlights the importance of data sharing between local authorities and also with HMRC.

Question 15: Are you aware of any other examples of evasion which are not listed here? Again, please include any information you have relating to the potential scale of any such activity in your answer.

The GLA has no specific additional comments beyond those raised in response to question 15.

Question 16: Do you have any suggestions on what further action could be taken to prevent evasion?

The GLA considers that in order to reduce evasion and avoidance effectively the Government needs to introduce legislation similar to those changes made in Scotland with the Non-Domestic Rates (Scotland) Act 2020. Part 4 of these regulations deal exclusively with Non-Domestic rates avoidance arrangements that obtain an advantage and/or are artificial. These regulations are well written and provide a strong base with which a local authority would be able to counter attempts to avoid a rates liability were equivalent legislative changes to be introduced in England.

These reforms in Scotland also granted billing authorities the power to refuse to award a relief if they believe an arrangement is artificial or seeks to gain an advantage for a landlord or a third party. In these circumstances it would be for the landlord, tenant or leaseholder to prove that the occupation was genuine, necessary, that it was not profiteering by a third party and that it was not a scheme to avoid the liability to pay National Non Domestic Rates.

Question 17: Do you think billing authorities have sufficient powers to effectively combat evasion in the business rates system? If not, how do you think they should be strengthened or expanded?

The GLA would also encourage the government to review the reforms introduced in Wales through secondary legislation from 1 April 2022 and consider their applicability in England.² These reforms:

- place a legal obligation on ratepayers, to notify their local authority of a change in circumstances which would affect their rates bills.
- grant a legal power for local authorities to request information from ratepayers and third parties, to aid authorities in discharging the billing and collection function.

One additional potential reform would be to grant billing authorities the power to enter a property to determine the activity that is taking place, particularly where the property is empty. This would assist in determining the nature of any occupation or whether the property has genuinely been left empty.

These reforms could be introduced to work alongside the new powers and obligations on ratepayers to pass information to the Valuation Office Agency in relation to property changes.

The GLA would also refer the government to the responses made by individual billing authorities in response to this question.

Question 18: Will the new information that will be made available to billing authorities allow them to better combat business rates avoidance and evasion? What kind of compliance activity will it allow billing authorities to carry out?

It is evident that much of the business rates evasion being seen in London is now essentially linked to organised crime.

One issue of particular concern is the fact a company can be set up at Companies House with relatively few checks. Indeed the BBC highlighted earlier this month that since June around 80 bogus companies have been registered to addresses on just one residential street in Leigh on Sea in Essex primarily by overseas based individuals without the knowledge of the property owners³. This highlights the need for tighter controls around company registration including the need for improved identification and evidence checks including providing proof of a right to use a particular address.

This highlights that any reforms to tackle business rates evasion and avoidance will only be effective if they are implemented alongside other measures to give local authorities, the NCA/local policing bodies and HMRC the powers and resources to tackle wider challenges linked to organised crime.

² <https://senedd.wales/media/xb5pa1vg/sub-ld15460-e.pdf>

³ <https://www.bbc.co.uk/news/uk-england-essex-66810106>

Question 19: Do you think there is any other information held by HMRC or the VOA which would be useful for billing authorities to have to help them to combat avoidance and evasion?

The GLA considers it essential that better and more extensive information be exchanged between HMRC and local authorities to reduce tax avoidance and evasion. A more joined up approach to enforcement would also be beneficial.

Question 20: Do you have specific views on how we can best ensure effective information sharing between billing authorities and the VOA/HMRC, once DBR and the VOA duty are in place?

The GLA would refer the government to the responses made by individual billing authorities in response to this question. Any information sharing introduced must be via a bi-lateral agreement and any exchange of information should be timely. It is also essential that local authorities are adequately funded for the new burdens arising and that any proposals are developed in consultation with them and working closely with them to ensure that any glitches are ironed out should help.

Chapter 4 – Rogue Agents

Question 21: Are you aware of any of the “rogue” rating agent activity listed above? Please include any information you have relating to the potential scale of any such activity in your answer.

The GLA would refer the government to the responses made by individual billing authorities in response to this question.

Question 22: Are you aware of any other examples of poor rating agent behaviour which are not listed here?

The GLA would refer the government to the responses made by individual billing authorities in response to this question.

Question 23: Do you have any suggestions for what action could be taken to mitigate effectively against, discourage or prevent this behaviour?

Business rates avoidance measures are now so routine that legitimate rating agents are forced into them to stay competitively viable. Third party companies which are not rating agents continue to profiteer from the weaknesses within the rating legislation to the detriment of legitimate firms in the sector.

The GLA would support a mandatory registration process for tax repayment agents with representative bodies. Until rating legislation is strengthened and billing authorities have adequate tools and resources to tackle avoidance and evasion, rogue agents and other third parties will continue to exploit the system.