# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Delivering a tax cut for small businesses – consulting on a new permanent small business rates relief scheme for Wales** |
| **DATE**  | **21 July 2017** |
| **BY**  | **Mark Drakeford AM** **Cabinet Secretary for Finance and Local Government** |

I have previously announced my intention to introduce a permanent small business rates relief scheme from 1 April 2018. This will provide certainty and security for small businesses, delivering a tax cut to help them drive long‑term economic growth for Wales. Today I am pleased to publish a consultation on proposals for the new scheme.

In 2017-18, we are providing more than £110 million of rates relief for small businesses. Our permanent scheme will maintain this level of Welsh Government investment. In line with our tax principles, the new scheme will target the support more effectively towards those businesses that need it most, support jobs and growth and deliver wider benefits for our local communities.

The consultation seeks views on redirecting relief from certain businesses, such as national chains, which occupy multiple small premises across Wales, to support businesses which would benefit more. This would release funding which can be reinvested in making the relief more generous for small businesses including local shops, cafes and restaurants which might only operate from one or two premises.

The consultation also considers how the permanent scheme could be used to support wider Welsh Government objectives, with the option of providing additional relief to certain industries or sectors, such as childcare, should there be a robust evidence base to do so. The consultation also sets out a series of longer term possibilities for further alignment between the considerable investment in small business rate relief and wider Welsh Government objectives.

Non-domestic rates raise more than £1 billion each year in Wales. All the funding is redistributed to help fund vital local services in Wales, on which businesses themselves rely. While I understand the financial pressures on small businesses and other taxpayers, our collective contributions provide the platform from which communities and businesses can succeed.

In June, the Welsh Government published its Tax Policy Framework and work-plan for the year ahead. The framework sets out our intention to take a progressive, fair and, above all, transparent approach towards taxation in Wales. Delivering a permanent scheme for small businesses is a key deliverable within that work-plan. It also forms part of our wider reform of the local government finance system to ensure the funding arrangements that underpin local services remain fit for purpose. I am considering a range of short, medium and long term financial reforms to meet our Taking Wales Forward commitments and to support our plan for resilient and renewed local government, better equipped to face future challenges. I made a statement outlining this approach in January and I will update Members further in the autumn.

Today marks the start of an extensive consultation with ratepayers, business representatives, other taxpayers and local authorities. We are very keen to hear their views and to work with them constructively. This provides an opportunity to consider how we can make our small business rates relief fit for the future and reflective of the tax-base and nature of small businesses in Wales. I look forward to seeing all contributions on this important matter.