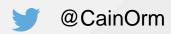
Rates Avoidance: time for reform?

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Starting points:

- Tax avoidance is lawful
- Pure tax avoidance is undesirable



Avoidance schemes remain available:

- Makro scheme
- Intermittent charity use



Makro wrongly decided?

- Transience not considered
- De minimis not applied to benefit
- Intention misunderstood



Charity schemes:

• 1.0 : *PSCT*

2.0: more resilient

Expendable charities



Central government's role:

- Funding/co-ordinating litigation: PAG Management
- Use of charities legislation?



Charity provisions:

- (a) the ratepayer is a charity or trustees for a charity, and
- (b) it appears that when next in use the hereditament will be wholly or mainly used for charitable purposes (whether of that charity or of that and other charities).



Charity provisions amended:

- (a) the ratepayer is a charity or trustees for a charity, and
- (b) it appears that when next in use the hereditament will be wholly or mainly used for charitable purposes (whether of that charity or of that and other charities) for a continuous period of at least six weeks.



Makro – lengthen 6 week period?

"Having considered the evidence submitted in the responses to the consultation document, we consider that the arguments in favour of a longer time period are not sufficient to make changes to the existing six week qualification period."



Makro – other solutions:

- Six weeks 'wholly or mainly used'
- Targeted anti-avoidance provision



Anti-Makro provision:

In deciding the question of whether any hereditament is occupied and for how long it is occupied, there is to be disregarded any action the sole or main purpose of which is to reduce any person's liability to non-domestic rates in respect of the hereditament.



Option 3:50% empty rate

Pros:

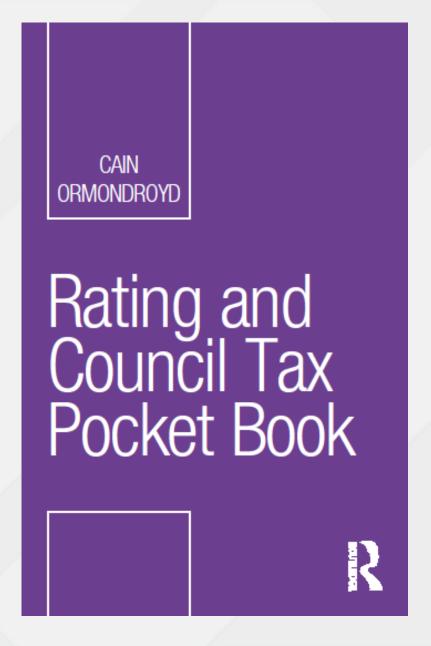
- Simplicity
- Reduce avoidance

Cons:

• ££££££££££££££££







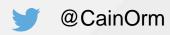






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