

Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

29<sup>th</sup> April 2022

Dear Chancellor,

We are writing to inform you of the formation of the Retail Jobs Alliance, a new temporary coalition calling on you to “Cut the Shops Tax”. We will be making the case for an overall cut in business rates for all retail premises, and we are open to the possibility of funding this through the introduction of a new online sales tax (OST).

The Retail Jobs Alliance includes some of the UK’s best-known retailers and retail-related organisations, large and small, both general and specialist. Our members, who include the Co-op, Greggs, Kingfisher, Morrisons, RivingtonHark, Sainsbury’s, Tesco and Waterstones, as well as Usdaw, the British Independent Retail Association and the Association of Convenience Stores, employ over a million people across the UK, representing a third of jobs in the entire retail sector.

We are all, like you, acutely concerned with pressures on household budgets and the rising cost of living, and we all have a role to play in keeping costs down as far as we can. Business rates – the Shops Tax – are a significant part of retailers’ overheads. A meaningful cut in the Shops Tax would make a big difference to retailers’ ability to invest more in the shops and stores that we know customers value, as well as to create jobs. This would make it easier for everyone in the retail sector to mitigate inflationary pressures, keep existing shops open and open new ones.

Research last year showed that the burden of business rates – the amount paid in proportion to overall profit – is highest in those places most in need of levelling up, and that those places also have the highest retail vacancy rates. More investment in physical retail means more choice for shoppers, and more competition in the market helping to push prices down. A permanent reduction in the Shops Tax for all retailers – regardless of size – could therefore significantly boost the social fabric of our villages, towns and cities.

We welcomed the fundamental review of business rates, and we welcome the Government’s consultation on an OST. In particular, we welcome the commitment that any OST would be used to fund reductions in business rates for retailers. This would help to level the playing field between online and bricks-and-mortar retailers at a time when Covid-19 has accelerated shifts in retail which were already in evidence before the pandemic. One recent report suggested that half of all non-food sales will be made online by 2025, and yet physical shops are taxed far more heavily than this newer and rapidly-growing part of the retail sector.

Several Retail Jobs Alliance members are businesses with significant online operations as well as physical shops, so would expect to pay any new OST as well as benefiting from a business rates cut. But we agree that cutting the Shops Tax must be a policy priority, and that an OST would be acceptable as part of a package of retail tax reform that rebalances the system so that it better reflects how retail works now and helps protect the shops which so many people want to see in their communities. Given this, it is important that all retailers, not just smaller ones, are included in any cut in business rates which an OST helps to fund.

We will be launching the Alliance publicly next week and intend to submit a formal response to the OST consultation in due course. We plan to provide further evidence of the importance of physical retail and of the effect that a cut to the overall level of business rates for retail could have on the economic potential of our communities, and we look forward to sharing this information with you.

We are informing you of our intentions as a courtesy, as well as to make clear our willingness to engage with you constructively and to share any information we have which may help you make policy in this area.

Please do contact us with any questions you might have; we intend to keep you informed of our views and activities as the campaign continues.

Yours sincerely,



Ken Murphy  
Group CEO, Tesco



Shirine Khoury-Haq  
Interim Group Chief  
Executive, Co-op



Thierry Garnier  
Chief Executive Officer,  
Kingfisher



Simon Roberts  
Chief Executive Officer,  
Sainsbury's



Roisin Currie  
CEO Designate, Greggs



David Potts  
Chief Executive, Morrisons

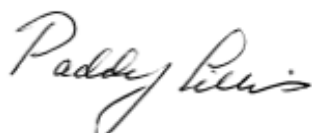


James Daunt,  
Chief Executive, Waterstones

James Lowman  
Chief Executive,  
Association of Convenience  
Stores



Andrew Goodacre  
Chief Executive,  
British Independent Retailers  
Association



Paddy Lillis  
General Secretary,  
Usdaw



Mark Williams  
Executive Director,  
RivingtonHark