



### **ACS Submission: Finance Bill 2017/2019 Public Bill Committee**

ACS (the Association of Convenience Stores) welcomes the opportunity to provide written evidence to the Public Bill Committee on the Finance Bill. ACS represents 33,500 convenience stores and forecourt shops across the country including the Co-op, McColls, BP and thousands of independent retailers, many of which trade under brands such as Spar, Nisa and Costcutter. Further information about ACS is contained in Annex A.

ACS understands the policy aims of Making Tax Digital (MTD) to reduce the tax gap and minimise tax administration costs for HMRC. However, MTD represents a seismic change to the taxation landscape with significant operational and cost implications for convenience retailers. Quarterly updates will require staff training and greater levels of engagement to collate and transfer digital tax records through software, increasing external accountancy costs.

We welcomed the Financial Secretary's announcement of a revised timetable for the rollout of MTD. This will allow retailers sufficient time to prepare for MTD for VAT in 2019 but must be accompanied by an effective communications strategy and pilot process from Government. Three-quarters (74%) of convenience stores are operated by independent retailers, most of which do not have head office functions or established online accounting procedures and will require comprehensive support and guidance to comply with the reforms<sup>1</sup>.

#### **Clause 60: Digital reporting and record-keeping for income tax etc.**

Clause 60 provides powers to make regulations about MTD reforms for income tax self-assessment (ITSA). We support that MTD for ITSA will not be introduced until 2020 at the earliest. MTD for ITSA should only be introduced when MTD for VAT is fully established and working well for both businesses and HMRC.

The Bill allows for HMRC to make regulations about how digital records should be kept, the form these records should take, and for how long they should be maintained. The Clause allows for a maximum £3,000 penalty for false record keeping.

Retailers are set to absorb the costs of compliance with MTD reforms, which will transcend initial software costs and significantly increase the costs of accountancy services to approve quarterly submissions. The MTD sanctions regime should be proportionate, fair, consistent and a credible threat against non-compliance to reflect these enforced costs on business.

We would therefore support a suspended penalties model with a clear notification process when a reporting deadline is missed to discourage late submission habits. Penalties should be suspended for a period from this notification to allow businesses the opportunity to comply.

MTD legislation also underlines the importance of delivering the broadband Universal Service Obligation to improve digital access for businesses. Retailers require digital access for online banking and wholesaler services and to facilitate the in-store provision of card

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<sup>1</sup> ACS Local Shop Report 2017

payments, ATM transactions and post office services. MTD for VAT further enhances the need for reliable internet connections for businesses with unsuitable connectivity.

### **Clause 62: Digital reporting and record-keeping for VAT**

Clause 62 amends existing powers on the administration and enforcement of VAT to enable HMRC to make regulations to implement MTD for VAT from 2019/20. We support the delayed rollout of MTD for VAT which will provide businesses time to prepare for the reforms and allow HMRC to conduct a full pilot to inform the new digital service.

Businesses should not be required to submit any additional data beyond the 9-box form currently used for quarterly VAT returns. This would provide consistency in the data needed from business as MTD for VAT is implemented and encourage an effective transition to digital reporting.

The rollout of MTD for VAT must be accompanied with comprehensive guidance and support for business. The Government's communications strategy must reach businesses regardless of their use of agent services and existing use of software to keep accounting records. Business associations, agents and software providers can all work with Government to communicate the reforms to business.

**For further information on this submission please contact Steve Dowling, ACS Public Affairs Executive, via [steve.dowling@acs.org.uk](mailto:steve.dowling@acs.org.uk) or 01252 533009.**

## Annex A

### ABOUT ACS

The Association of Convenience Stores lobbies on behalf of around 50,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.



### WHO WE REPRESENT

#### INDEPENDENT RETAILERS



ACS represents 22,397 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

#### SYMBOL GROUPS AND FRANCHISES



ACS represents 14,659 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

#### MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents 12,862 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls, Conviviality Retail and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

### THE CONVENIENCE SECTOR



In 2017, the total value of sales in the convenience sector was £38bn.

The average spend in a typical convenience store transaction is £6.28.



There are 49,918 convenience stores in mainland UK. 74% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 370,000 people.

24% of independent/symbol stores employ family members only.



20% of shop owners work more than 70 hours per week, while 19% take no holiday throughout the year.

72% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

79% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2016 and May 2017, the convenience sector invested over £858m in stores.

The most popular form of investment in stores is refrigeration.

### OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

#### ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

#### ACS INVESTMENT TRACKER

Regular quarterly survey of over 1200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

#### ACS LOCAL SHOP REPORT

Annual survey of over 2400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 6,291 stores. The Local Shop Report also draws on data from HIM, IGD, Nielsen and William Reed.

#### BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.

For more information and data sources, visit [www.acs.org.uk](http://www.acs.org.uk)