



BONUS CASE STUDY: TESCO

Events

Tesco is a giant UK supermarket chain, recognisable as it has stores in towns and cities across the United Kingdom. Tesco has a huge range of interests that it needs to advocate on as so many areas of UK law affect the company including: tax and company law, farming and food standards policy as well as employment law and employee rights.

Significance

As people go about their daily routines, purchasing their food from supermarkets, they probably don't think about them as political organisations. Yet one look at the papers in 2018 would have found Tesco's Chief Executive, Dave Lewis, calling for an 'Amazon Tax' of 2% on online sales to prevent high street chains from going under. This was part of a wider campaign by Dave Lewis and Tesco to catch the eye of the Chancellor over their concern that online sales, an increase in business rates and the introduction of the national living wage would lead to the death of the British high street. The key target here was business rates, which are a tax raised on most non-domestic properties like shops; Tesco was paying more than £700 million a year in business rates. In 2019, Tesco gave written evidence to the Treasury Select Committee making the case for a 20% cut in

business rates for retailers to be funded by the 2% online tax on physical goods sold by large online retailers. This evidence pointed to the fact that retail in the UK employed 3 million people but saw 7,500 store closures in the previous year. It is certainly the case that campaigning by Tesco, other retailers and the British Retail Consortium caught the eye of the Government. In 2019, at the CBI Conference, the PM Boris Johnson announced a promise to reduce the overall burden of business rates and to launch a full review into the rates system. During the Covid-19 pandemic, shopping increasingly moved online and, as part of the recovery programme, one of the ideas under consideration was an online tax, similar to the Amazon Tax put forward by Dave Lewis. The aim of introducing the tax was to bring people back onto the high street to do their shopping. Tesco's contribution was further enhanced when in June 2020 it was announced that Tesco Chairman, John Allan, who previously served as President of the CBI, would head a Covid Recovery Commission, an apolitical panel of corporate leaders; the Commission's aim was to develop policy ideas to rejuvenate the economy and deliver concrete proposals for the Government to consider. Although the Commission was not set up by the Government, its establishment was welcomed by Chancellor Rishi Sunak, former Business Secretary Alok Sharma and Cabinet Office Minister Michael Gove.