

The Shop Tax was introduced by William Pitt, then prime minister and chancellor of the exchequer, in the late spring of 1785 to help meet the cost of servicing the National Debt, which had been swollen by the expense of the American War of Independence. Pitt estimated that the new duty would yield around £120,000 a year, which was over a quarter of the extra revenue he was seeking to raise.¹⁷ It was to be based on the rent or rental value of the property in which a shop was conducted, whether the business occupied a part or the whole of the building. Only premises having a rent or rental value of £5 per annum or more were to be covered, so that very small ‘parlour’ shops in cottages with rents below £5 a year were exempt. Also excluded were shops selling bread, meal and flour only. Above the minimum, the tax was to advance in stages, so that for properties with a rent or rental value of £5 and under £10 a year the charge was 6d. in the £ per annum; for those with an annual rent or rental value of £10 and under £15 a duty of 1s. in the £ was imposed, rising to a maximum of 2s. in the £ for premises with an annual rent or rental value of £25 or more.¹⁸ This meant that in areas of high property values, such as parts of London, and in fashionable resorts like Bath, the burden was particularly heavy. In order to assess the impact of the tax a survey was carried out of thirty-one towns and cities to estimate the anticipated yield in each case. One of those selected was Oxford, where it was calculated there would be 286 retail establishments to be covered. However, unlike Bath and Bristol, where sixteen per cent of shops had a rent or rental value of £30 a year or more, in Oxford only about three per cent fell into that category. Around 82 per cent of the city’s retail businesses were assessed as having rental values of £5 to £15 a year.¹⁹ There are no statistics for smaller Oxfordshire towns like Banbury or for humbler shops paying a rent of less than £5 a year.

¹⁷ *Ipswich Journal*, 14 May 1785. *Hansard’s Parliamentary History of England*, vol. XXV, 23 May 1785, col.785. A flat-rate shop tax had been considered in 1758-59 but was rejected on the grounds that it would harm small retailers. The sliding scale proposed in 1785 avoided that particular objection.

¹⁸ 25 Geo III c.30. *An Act for Duties on Shops in Great Britain, 1785*. Initially Pitt had proposed a duty of 1s. in the £ on shops rented at £4 and under £10 a year and 1s.3d. on those valued at £10 up to £15 a year. But in the Bill itself the lower rates of 6d. and 1s., respectively, were substituted and the starting point was fixed at £5.

¹⁹ Calculated from the entry for Oxford in ‘Tax on Shops. Scheme for the Duty, 1785’ in OH.42/7 in The National Archives (P.R.O.), f.251.