

# Transformation of Business Rates

**Last October, on autumn budget day, HM Treasury published a consultation paper on the transformation of business rates.**

**Officials are open to written submissions by 31 March 2025. DMH Stallard will be making a submission and will do its best to reflect comments from our clients.**

Your rates bill is, in theory, easy to compute. Take the rateable value (RV) of the premises, multiply by the multiplier and there you have the amount payable (subject to any available reliefs). The reliefs that can make the computation of what is payable complex and user unfriendly.

In 2024-25, the multiplier in England is 54.6p in the pound unless the premises have an RV below £51,000, in which case the multiplier is discounted to 49.9p in the pound.

In the City of London, the multipliers are 51.5p in the pound (small properties) and 56.4p for the rest. For the year from 1 April 2025 the non-small no City rate goes up to 55.5p in the pound.

In other words, for many ratepayers, the effective rate is around 50p in the pound or more.

On 29 January 2025 the Non-Domestic Rating (Multipliers and Private Schools) Bill which has passed the House of Commons has its second reading in the House of Lords.

One objective of the Bill is to enable the government in England to apply a range of multipliers according to the characteristics of the property on which rates are payable.

When passed, the Bill will allow a greater variety of multiplier bands, supporting the High Street and transferring a greater liability to contribute to owners and occupiers of properties valued for rating at £500,000 or more.

Multiplier options under consideration are:

- Small retail, hospitality and leisure premises
- Small other premises
- Standard retail, hospitality and leisure premises
- Standard other premises
- Large premises (designed to capture units with an RV of £500,000 or more.)

Our understanding is that less than 1% of rateable property has an RV of £500,000 or more. That less than 1% by number represents about one third by value of all the RVs in England.

Government hopes to see online retail businesses paying a larger share. But what about large retail and office premises and the logistics and data centre premises on which we rely?

Empty property rates are a tax on failure; the failure to find a use or a tenant for premises. The government is concerned by the use of avoidance techniques by ratepayers who cannot absorb their empty rates liabilities. Would the use of these techniques fall away if the empty rate was reduced to one half of the occupied rates payable?

At the other end of the market, some small business owners find that the modest expansion of their business premises brings them into scope of business rates, making the expansion unviable. Should small businesses not contribute something rather than face a cashflow blow as they come into rating for the first time?



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Please contact us before the end of February so that we can reflect your views in our submission to the government.

Send your comments to [transformingrates@dmhstallard.com](mailto:transformingrates@dmhstallard.com)



### Contact us

To find out more about our Real Estate Dispute Resolution team and how we can help you, please get in touch.

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