



HM Treasury

Effects of the business rates retail, hospitality and leisure multipliers and high-value multiplier

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Chapter 1

Policy background

1.1 At Autumn Budget 2024, the government announced the intention to introduce permanently lower business rates multipliers (tax rates) for retail, hospitality and leisure (RHL) properties (hereditaments) with rateable values (RVs) under £500,000 from 2026-27.

1.2 These multipliers will replace the temporary RHL business rates relief that is set at 40% (up to a cash cap of £110,000 per business) in 2025-26. This relief has been rolled over at different rates year-on-year since the pandemic. It has an annual cliff-edge, which creates uncertainty for businesses. In contrast, the new RHL multipliers, which will be set 5p below the national multipliers, will provide certainty and stability for businesses.

1.3 The government has set out in [legislation](#) which properties qualify for the RHL multipliers. Guidance to support local authorities and businesses in interpreting the legislation can be found online [here](#).

1.4 In order to sustainably fund this tax cut, the government also announced at Autumn Budget 2024 the intention to introduce a higher multiplier on the most valuable properties from 2026-27 – those with RVs of £500,000 and above, which will be set at 2.8p above the national standard multiplier.

1.5 Introducing permanently lower multipliers for RHL properties delivers on the government's commitment to create a fairer business rates system that protects the high street, supports investment, and is fit for the 21st century.

1.6 The RHL and high-value multipliers form part of a wider business rates package announced at Budget 2025 to support businesses. The wider package, worth £4.3bn over the next three years, includes:

- A redesigned transitional relief scheme that caps bill increases, worth £3.2 billion to provide more generous support for larger properties, including airports, hotels and key Industrial Strategy properties.
- A supporting small business scheme capping bill increases for the smallest businesses losing some or all of their small business rates relief or rural rate relief worth over £500 million. The government has expanded this scheme to ratepayers losing RHL relief to offer further support worth an additional £1.3 billion as RHL properties transition to permanently lower tax rates.

- Extending the period that properties eligible for Small Business Rates Relief retain relief on their first property from 1 year to 3 years after acquiring a second property.

1.7 During the passage of the Non-Domestic Rating (Multipliers and Private Schools) Act 2025, the government committed to publishing analysis on the effects of the RHL and high-value multipliers when the rates were set. This document delivers on that commitment.

1.8 As business rates are a devolved tax, these policies, and the effects outlined in this document, apply to England only.

Chapter 2

2026-27 multipliers

2.1 **Table 2.A** shows what the business rates multipliers will be in 2026-27. As a result of the 2026 revaluation, the national small business and standard multipliers have fallen by 6.7p and 7.5p respectively. Therefore, in 2026-27, all properties will pay a lower tax rate than they do now, including those on the higher multiplier.

2.2 The VOA carry out revaluations every three years. At a revaluation, the VOA update non-domestic properties' RVs to ensure they reflect market values. The next revaluation will take effect from 1 April 2026. At a revaluation, the national multipliers are adjusted to reflect changes in the overall value of the tax base. If the total value of rateable properties increases, the tax rate will generally fall. This means that, even if a specific property's RV goes up, its bill could still decrease if the reduction in the tax rate is big enough to offset the increase in value. Ultimately, what a business pays after a revaluation depends on both their updated RV and the adjusted tax rates.

2.3 In between revaluations, the national multipliers uprate by CPI every financial year, as set out in legislation. The RHL multipliers will remain 5p below their national equivalents and the higher multiplier will remain 2.8p above the national standard multiplier each year to provide certainty to businesses.

Table 2.A 2026-27 multipliers

Multiplier	2025-26	2026-27	Scope
Small business RHL multiplier		38.2p	RHL hereditaments with RVs under £51,000
Standard RHL multiplier		43p	RHL hereditaments with RVs between £51,000 and £499,999
National small business multiplier	49.9p	43.2p	Non-RHL hereditaments with RVs under £51,000
National standard multiplier	55.5p	48p	Non-RHL hereditaments with RVs between £51,000 and £499,999
High-value multiplier		50.8p	All hereditaments with RVs of £500,000 or above

Chapter 3

Hereditaments in scope of the RHL and high-value multipliers, by region

3.1 There will be just over 21,000 hereditaments in scope of the high-value multiplier on 1 April 2026, with over 750,000 hereditaments due to benefit from the RHL multipliers. For context, there will be 2.01 million hereditaments on the 2026 non-domestic rating list in total.

3.2 **Table 3.A** shows the distribution of hereditaments within scope of the RHL and high-value multipliers by region.

3.3 Reflecting the fact that property values are generally higher in these regions, most of the hereditaments in scope of the high-value multiplier will be in London and the South East.

Table 3.A Hereditaments in scope of the RHL and high-value multipliers by region

Region	Number of hereditaments in scope of the RHL multipliers *	Number of hereditaments in scope of the high-value multiplier *
East of England	82,100	2,000
East Midlands	59,100	1,300
London	110,900	7,500
North East	36,000	600
North West	105,500	2,000
South East	111,500	3,200
South West	104,600	1,400
West Midlands	70,700	1,700
Yorkshire and the Humber	80,200	1,400

*Figures rounded to the nearest 100

Chapter 4

Rebalancing the burden

4.1 Protecting high streets is a priority for the government. The government is aware that the business rates burden falls more heavily on property-intensive sectors. The RHL and high-value multipliers will help to rebalance the burden and create a fairer business rates system, with the revenue from the high-value multiplier funding the lower RHL multipliers. Overall, the benefit provided through the lower multipliers is greater than the additional cost of the high-value multiplier for the RHL sectors.

4.2 Through the high-value multiplier, 1,900 distribution warehouses, such as those used by online giants, will contribute more. The high-value multiplier means raising an additional £270 million from distribution warehouses over the period 2026-27 to 2028-29. This additional revenue will directly support in-person retail.

4.3 The permanently lower RHL multipliers lead to over 35,000 pubs sharing an estimated £210 million reduction in bills, and nearly 30,000 restaurants sharing an estimated £180 million benefit over the period 2026-27 to 2028-29.

4.4 The introduction of the RHL and high-value multipliers is the first step to delivering a fairer business rates system. Transforming the business rates system is a multi-year process and further reforms will be considered beyond Budget 2025. The government has published a Call for Evidence inviting stakeholder input on the impact that business rates have on investment to ensure that any changes to the business rates system address the practical challenges faced by businesses.

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This document can be downloaded from www.gov.uk

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