



Ministry of Housing,  
Communities &  
Local Government

Correspondence

# **5/2025: Confirmation of Budget package and the Non-Domestic Rating Multipliers for 2026/2027**

Published 26 November 2025

---

**Applies to England**

Contents

Confirmation of Budget package and the Non-Domestic Rating Multipliers for 2026/2027

Budget 2025 business rates relief package

Small Business Rates Relief

Transitional Relief and Supporting Small Business Relief

New Burdens

Call for Evidence

Annex: 2026 Transitional Relief, Transitional Relief Supplement and Supporting Small Business Relief scheme.



© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gov.uk](mailto:psi@nationalarchives.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at <https://www.gov.uk/government/publications/52025-confirmation-of-budget-package-and-the-non-domestic-rating-multipliers-for-20262027/52025-confirmation-of-budget-package-and-the-non-domestic-rating-multipliers-for-20262027>

To: Chief Finance Officers of English Billing Authorities - For the attention of the Business Rates section

From: Non-Domestic Rates Team, LGF - Local Taxation, Ministry of Housing, Communities and Local Government  
([ndr@communities.gov.uk](mailto:ndr@communities.gov.uk))

Date: 26 November 2025

For the attention of the business rates section

Dear Chief Finance Officer

Business Rates Information Letter (5/2025): Confirmation of Budget package and the Non-Domestic Rating Multipliers for 2026/2027

This is the fifth business rates information letter to be issued by the Ministry of Housing, Communities and Local Government in 2025. Previous letters are available on the internet at:

<https://www.gov.uk/government/collections/business-rates-information-letters> (<https://www.gov.uk/government/collections/business-rates-information-letters>)

or for archived letters:

<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/businessratesinformationletters/>  
(<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/businessratesinformationletters/>).

This letter covers:

- Confirmation of the Non-Domestic Rating Multipliers for 2026/2027
- Budget 2025 Business Rates package
- Small Business Rates Relief Scheme – grace period
- Transitional Relief and Supporting Small Business Relief Scheme
- Call for Evidence

# Confirmation of Budget package and the Non-Domestic Rating Multipliers for 2026/2027

1. At the Budget on 26 November 2025, the Chancellor announced that the government would provide a package of measures to support businesses in England, worth an estimated £4.3 billion over the next five years. The government announced that, from April 2026, new retail, hospitality and leisure (RHL) multipliers would be set 5p below the relevant national multipliers for qualifying properties with rateable values below £500k, funded by a high-value multiplier 2.8p above the national standard multiplier for properties with rateable values of £500,000 and above. Find details on [which properties qualify for the RHL multipliers \(https://www.gov.uk/guidance/business-rates-multipliers-qualifying-retail-hospitality-or-leisure\)](https://www.gov.uk/guidance/business-rates-multipliers-qualifying-retail-hospitality-or-leisure). The threshold between the standard and small multipliers (less than £51,000 RV) will not change. The regulations to give effect to the new multipliers will be made in due course.

2. The Non-Domestic Rating Multipliers for 2026/27 will be as follows:

- Small business RHL multiplier: 38.2p
- Small business non-domestic rating multiplier: 43.2p
- Standard RHL multiplier: 43.0p
- Standard non-domestic rating multiplier: 48.0p
- High-value non-domestic rating multiplier: 50.8p

## Budget 2025 business rates relief package

3. The Chancellor also announced that the government would provide a package of reliefs to support businesses. For 2026/27, this includes:

- **Transitional Relief** – To support ratepayers facing large bill increases at the revaluation the government is introducing a redesigned Transitional Relief scheme worth £3.2 billion.
- **Transitional Relief Supplement** – a 1p supplement to the relevant tax rate for ratepayers who do not receive Transitional Relief or the

Supporting Small Business scheme to partially fund Transitional Relief. This will apply for one year from 1 April 2026.

- **2026 Supporting Small Business Scheme (SSB relief)** – bill increases for businesses losing some or all of their small business rates relief or rural rate relief will be capped at the higher of £800 or the relevant transitional relief caps from 1 April 2026. The 2026 SSB relief scheme has been expanded to ratepayers losing their RHL relief. The government has also announced a one-year extension of the 2023 Supporting Small Business scheme from 1 April 2026. This support is applied before changes in other reliefs and local supplements.
- **100% relief for Eligible Electric Vehicle Charging Points and Electric Vehicle only forecourts (EVCP relief)** – a ten-year 100% business rates relief for EVCPs separately assessed by the VOA and Electric Vehicle only forecourts to ensure that they face no business rates liability.
- **A high-value business rates multiplier** for properties with rateable values of £500k and above at 2.8p above the national standard multiplier.
- **Extending the Small Business Rates Relief (SBRR) grace-period from one to three years**, meaning businesses will now remain eligible for SBRR on their first property for three years after expanding into a second property.
- **Call for Evidence: Business Rates and Investment** – A Call for Evidence has been published on the role business rates play in investment and the impact of the Receipts and Expenditure valuation method.

4. Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant the EVCP and SSB reliefs in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting these reliefs via a section 31 grant from government. No new legislation will be required to deliver these schemes.

## Small Business Rates Relief

5. As announced by the Chancellor, the period for which ratepayers retain Small Business Rates Relief on their original property after moving into a second property – often referred to as the grace period – will be increased from 1 year to 3 years. This will apply to businesses expanding after the Budget, with effect from the 27 November. The regulations will be laid in due course.

# Transitional Relief and Supporting Small Business Relief

6. The Chancellor also announced a Transitional Relief Scheme, a Transitional Relief Supplement for 2026/27 and a Supporting Small Business Relief Scheme (SSBR). The expanded Supporting Small Businesses scheme will cap the bill increases seen by ratepayers losing Small Business Rates Relief, 2025/26 RHL relief, or Rural Rate Relief. Details of these schemes will be published in regulations and (in respect of SSBR) guidance in the coming weeks.

7. The attached Annex A is intended for local authority and private sector specialists and provides a technical overview of these schemes ahead of the publication of the regulations and guidance.

## New Burdens

8. At the Budget, the Chancellor confirmed that the government would meet the reasonable costs, borne by local authorities for implementing the business rates measures. In accordance with the New Burdens doctrine, the Department will conduct an assessment of the additional costs of the software, staffing and administrative costs. To support that process, the Department will expect authorities to provide a detailed assessment of the costs they have incurred. Evidence for this will be collected during the summer to allow local authorities to factor in the new process and embed systems.

## Call for Evidence

9. A [Call for Evidence \(https://www.gov.uk/government/calls-for-evidence/business-rates-and-investment-call-for-evidence\)](https://www.gov.uk/government/calls-for-evidence/business-rates-and-investment-call-for-evidence) has been announced on the impact of business rates and the Receipts and Expenditure valuation method on investment decisions. The deadline for responses is 18 February.

# **Annex: 2026 Transitional Relief, Transitional Relief Supplement and Supporting Small Business Relief scheme.**

## **Introduction**

1. The Chancellor has announced at the Budget for the 2026 revaluation, a Transitional Relief Scheme (TR), a Transitional Relief Supplement for 2026/27 (TRS) and a Supporting Small Business Relief Scheme (SSBR). Details of these schemes will be published in regulations and (in respect of SSBR) guidance in the coming weeks.

2. This Annex is intended for local authority and private sector specialists and provides a technical overview of these schemes ahead of the publication of the regulations and guidance. It outlines the changes being made to TR and SSB for the 2026 revaluation and explains how TRS will apply. It is concerned with day one (1/4/26) changes only. It should not replace use of the regulations and guidance and will be taken down once the regulations and guidance are published.

## **Transitional Relief**

3. Previous TR schemes have been based upon the Small Business multiplier with the gap to the national multiplier paid in full (via the amount “U”). With the move to 5 multipliers for 2026/27, TR will now move onto a multiplier “inclusive” model under which all of the multipliers will be included within the TR calculation (and “U” will be removed). The TRS (which in the regulations will be defined as “RS”) will also be within TR.

4. Since the 2023 TR scheme was made, Improvement Relief (IR) has been introduced. To accommodate this the TR regs will now, where relevant, refer to “A” being either the RV in the list or, where IR applies, the RV – G (G being the VO certificate for IR).

5. To provide for this the TR regulations will:

a. change BL for 2026/27 to be  $A \times M$  where:

- i. A is at 31/3/26, and
- ii. M is whichever multiplier applies for that hereditament for 31/3/26.

b. Change NCA for 2026/27 to be  $A \times (M + RS)$  where:

- i. A is at 1/4/26
- ii. M is whichever of the 5 multipliers applies for that hereditament for 1/4/26, and
- iii. RS is 0.01,

c. Calculate AF in the usual way except that the caps will be determined by reference to A for 1/4/26 (so reflecting any IR applicable at that date). Q in 2026/27 will be 1 and thereafter the change in the Small Business multiplier. The RV thresholds will not change from the 23 scheme. The values for X are:

	2026/27	2027/28	2028/29
Small	105	110	125
Medium	115	125	140
Large	130	125	125

d. As with the current scheme, the premium added in the City of London is outside of TR and paid in full (subject to other reliefs). The Business Rates Supplement in London is also a separate charge outside of TR.

## Transitional Relief Supplement

6. Those defined hereditaments which are not in TR will in 2026/27 pay a chargeable amount found by replacing references to “M” in the charging Schedules of the 1988 Act with “M + RS” where RS is 0.01 (The charging Schedules are Schedule [4ZA](https://www.legislation.gov.uk/ukpga/1988/41/schedule/4ZA)

[\(<https://www.legislation.gov.uk/ukpga/1988/41/schedule/4ZA>\), \[4ZB\]\(https://www.legislation.gov.uk/ukpga/1988/41/schedule/4ZB\)](https://www.legislation.gov.uk/ukpga/1988/41/schedule/4ZA)

[\(<https://www.legislation.gov.uk/ukpga/1988/41/schedule/4ZB>\) and \[5A\]\(https://www.legislation.gov.uk/ukpga/1988/41/schedule/5A\)](https://www.legislation.gov.uk/ukpga/1988/41/schedule/4ZB)

[\(<https://www.legislation.gov.uk/ukpga/1988/41/schedule/5A>\)](https://www.legislation.gov.uk/ukpga/1988/41/schedule/5A)). The TRS is

therefore added before all reliefs and will for transparency be shown on bills as a gross amount. Reliefs will then apply to the chargeable amount including the TRS in the normal way.

7. The TRS will only apply to defined hereditaments within the meaning of the TR regulations. New hereditaments, other than those formed from a split or merger of a defined hereditament, will therefore not be liable for the TRS.

## Supporting Small Business Relief

8. As with the 2023 SSBR scheme, the 2026 SSBR scheme will be delivered via section 47 discretionary relief and guidance issued by the Department. It will, as in 2023, take the 2026 TR regulations as a framework and adapt rules in TR for SSBR. For 2026 SSBR:

a. eligible hereditaments will be those receiving Small Business Rate Relief, Rural Rate Relief, 2023 SSBR or 2025/26 RHL relief on 31/3/26. As in 2023, the hereditament must also be occupied and charities and CASCs are not eligible,

b. BL will reflect any SBRR, Rural rate relief, 2023 SSB or 2025/26 RHL relief applicable at 31/3/26. BL will not reflect any TR present on 31/3/26 and, therefore, it will be necessary, where TR applies on 31/3/26 in addition to any of the above reliefs, to recalculate the BL as if TR had not applied,

c. any hereditament in the 23 SSBR scheme on 31/3/26 (including in combination with any of the other reliefs) will lose any entitlement to 26 SSBR on 1 April 2027. Otherwise the 26 SSBR scheme will run for 3 years,

d. references to “BL x AF” should in 26 SSBR be taken to be references to “(BL x AF) or (BL + 800) whichever is the greater”. We are therefore increasing the cash cap to £800 and reinstating the TR caps if greater (as applied in the 2017 SSBR scheme).

9. As discussed the 2026 SSBR scheme will be built upon the 2026 TR scheme so no additions (or deductions) will be made to SSBR bills for different multipliers or the TRS. As before the City premium and BRS (if applicable) is outside of SSBR and paid on top.

