



MONTAGU EVANS TALKS...

BUDGET 2024

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BUSINESS RATES SET TO INCREASE FROM APRIL 2025

In her Autumn Budget of 30th October the Chancellor announced measures to increase total annual tax receipts by £40bn.

As expected, these measures included changes to business rates.

Overall, whilst there is a continued commitment to support small businesses and those operating in the retail, hospitality and leisure sectors, many businesses will nevertheless see a rise in their bills from April next year, with potential for further increases for larger non-retail properties from April 2026.

THE KEY HEADLINES INCLUDE:

- The Small Business multiplier has been frozen for the 5th year in a row at 49.9p. This applies to occupied premises with a Rateable Value of £51,000 and below.
- The Standard multiplier will increase in line with September's CPI inflation figure (1.7%) from 54.6p to 55.5p.
- The existing relief on properties used for Retail Hospitality and Leisure will continue for another year but will be reduced from 75% to 40% and subject to the same cap of £110k per business.
- Extension to Greater London Authority enhanced business rates retention arrangements at 67% for 2025/26 and 100% retention in Cornwall, Liverpool City Region and the West of England Combined Authority Area.

Following election of the Labour Party, there had been widespread anticipation of significant change to the business rates regime. However, large scale reform was missing from the Chancellor's first budget.

Whilst small businesses will continue to benefit from the freeze to the smaller multiplier, those with Rateable Values above £51k will again next year bear the brunt of an inflationary increase in the standard multiplier.

As expected, most Private schools will from April next year see the removal of charitable relief, which will result in some bills increasing by five times. However, private schools which are 'wholly or mainly' concerned with providing full time education to pupils with an Education, Health and Care Plan will remain eligible for relief.

The Budget coincided with publication of a discussion paper focussed on 'Transforming Business Rates', which indicates there will shortly be further consideration around empty rates avoidance.

Looking ahead, there will be a 'permanently lower' tax rate for Retail Hospitality and Leisure properties from April 2026. The indication is that this will be 'fiscally neutral', so the lower multiplier will be funded by a corresponding higher multiplier from the same year for properties with a Rateable Value at or above £500k.

Whilst not fundamental, the above changes nevertheless serve to underline the importance of businesses being well advised in matters relating to business rates. Not least, to ensure the correctness of their assessments.

TALK TO ONE OF THE TEAM



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