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Treasury says 9,600 hospitality venues in England will stop paying business rates in 2027

Raising the full-relief threshold to £18,000 will remove 70,000 more retail, leisure and hospitality properties from the tax altogether

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England’s government expects an additional 3,900 restaurants, 2,200 cafes and 3,500 pubs to stop paying business rates under a planned expansion of relief for smaller commercial properties, according to a Treasury response to Parliament published

Tuesday, November 3.

The measure applies in England and is part of a broader package for retail, hospitality and leisure properties that the government first set out in the budget published on October 28. In its parliamentary reply, HM Treasury said the package would remove 70,000 extra properties from business rates altogether, leaving about half of all eligible retail, hospitality and leisure properties with no bill.

Business rates are a tax charged on commercial properties. The change does not depend on a company’s sales or profit. It is tied to a property’s rateable value, which is the assessed rental value used for tax purposes.

Under the plan, the threshold for 100% business rates relief will rise to £18,000 from £12,000 starting April 1, 2027. The upper limit for tapered relief will increase to £21,000 from £15,000. That means more smaller sites will qualify for a full exemption, while others will receive a partial reduction before the tax bill reaches the standard level.

The Treasury repeated those details in response to a written question from Labour lawmaker John Whitby, who asked what fiscal steps the government was taking to support cafes and other hospitality businesses. James Murray, the minister who answered on behalf of the Treasury, said the government was backing the sector with a package under which all retail, hospitality and leisure properties in England would see their business rates “either frozen in real terms, reduced, or cut to zero.”

The response also said the government would impose a two-year real-terms freeze for the sector by capping bill increases at inflation. That measure limits how much tax bills can rise in cash terms after inflation is taken into account, but it is not a general freeze on all business rates bills at the same nominal amount.

For hospitality operators, the change affects a major fixed cost. Restaurants, cafes and pubs often operate from smaller high-street premises where business rates can weigh heavily on margins, especially when wage, food and energy costs are also rising. By moving the full-relief threshold higher, the government is widening access to a tax break that had previously been limited to properties with lower rateable values.

The figures published by the government are estimates of how many additional businesses in each category will fall out of the tax altogether once the new thresholds take effect. They do not mean each site will save £18,000 or £21,000, because those numbers refer to the property’s rateable value band, not to the amount of tax relief received.

The policy is limited to England, where business rates rules for this category are set by the U.K. government. Different arrangements apply in Scotland, Wales and Northern Ireland.

The parliamentary response did not add new measures beyond those already outlined in the budget, but it provided fresh detail on how many hospitality venues the Treasury expects to benefit. That matters for a sector that has argued for years that business rates fall too heavily on property-based businesses such as restaurants, pubs and cafes, especially compared with online operators that rely less on storefront space.

The government’s estimate suggests the expanded relief will reach a significant share of smaller hospitality venues once it begins in April 2027, while the inflation cap is meant to shield a broader group of eligible properties from sharper increases over the following two years.