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England lowers hospitality business rates multipliers by 0.2p

The April 2027 change will deliver an estimated £33 million in yearly relief for eligible properties below £500,000 in rateable value

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England has lowered the business rates multipliers that will apply from April 2027 to eligible retail, hospitality and leisure properties, reducing a fixed operating cost for many restaurants, pubs, cafes and other venues. The Hospitality Tribune reported that the revision cut the sector-specific multipliers by 0.2p from the figures first published with the October 28 Budget, and tax firm Ryan estimated the change will deliver £33

million a year in additional relief, or about €39 million.

For hospitality businesses that qualify, the small business multiplier for retail, hospitality and leisure properties will fall to 39.5p from 39.7p, while the standard multiplier will fall to 44.5p from 44.7p, according to the report. The discount against the national multipliers will rise to 5.2p from 5p. The change applies in England.

The correction matters because business rates are indexed to inflation. The Hospitality Tribune said the figures released on Budget day did not preserve the sector's intended advantage once September's 3.5% consumer price index increase was applied. According to the report, officials later issued revised guidance to local authorities so inflation would be handled consistently and the original policy would remain in place. The government, as cited by the publication, did not say whether the initial figures reflected a calculation mistake or an oversight.

Business rates are paid by the occupiers of commercial property, whether they own the premises or rent them. The tax bill is based on a property's rateable value, which is set by the Valuation Office Agency, multiplied by a pence-per-pound rate known as the multiplier. That makes the charge a fixed cost that does not fall when trade slows, which is why even small changes in the multiplier can matter to hospitality operators working with tight margins.

The benefit will not be spread evenly across the sector. The lower retail, hospitality and leisure multipliers apply only to properties with a rateable value below £500,000, The Hospitality Tribune reported. Above that threshold, a higher multiplier applies regardless of sector. That means some larger hotels, especially in city centers, are unlikely to gain from the adjustment even though smaller hospitality premises will.

Ryan welcomed the revised figures but criticized the way they were issued. The report cited Alex Probyn, the firm's practice leader for property tax in Europe and Asia-Pacific, saying businesses and advisers had already built forecasts around the October 28 numbers before the government changed them a few days later. He said the interaction between inflation and a fixed discount was foreseeable and that the corrected figures should have appeared with the Budget.

The change also sits alongside other property tax measures that could affect smaller hospitality operators. The Hospitality Tribune reported that the Budget raised the threshold for full exemption under Small Business Rates Relief to £18,000 from £12,000. That broadens access to full relief for more small premises, including some independent hospitality businesses.

Even with the revised multipliers, the relief only offsets part of the pressure the sector is facing. The publication said Ryan had earlier estimated that inflation could add £129 million to business rates for hospitality, leisure and accommodation from April 2027. The same report noted that operators are also dealing with higher wage costs after a 3.9% increase in the minimum wage, a move that UKHospitality has criticized.

Another issue still hanging over the sector is how hotels are valued for business rates purposes. According to The Hospitality Tribune, the government has asked Jerry Schurder, the former head of business rates policy at Newmark, to conduct an independent review of the method used to assess hotel rateable values. His findings are due to be submitted to the Treasury by the end of March 2027, a timetable that could prove more significant for many hotel operators than the 0.2p multiplier correction.