

To: CTandNDR.Consultations@gov.wales  
Date: 12 August 2025

## WELSH GOVERNMENT CONSULTATION ON PROPOSALS FOR NON-DOMESTIC RATES DIFFERENTIAL MULTIPLIERS

### Introduction

The British Property Federation (BPF) represents the UK property sector. We are long term investors in communities across the country, investing in all types of commercial property – including retail, offices, logistics hubs, data centres and lab space – as well as professionally managed residential property, notably ‘Build-to-Rent’ (BtR). Our industry contributes £110bn a year to UK GVA and supports 2.5m jobs – one in 13 of all jobs in the UK.

We have long advocated for reform of the business rates (non-domestic rates) system – and welcome the opportunity to feed into this consultation. Our specific responses to the consultation questions are set out in the appendix.

### Executive summary

The best way to support our high streets is to drive investment and economic growth across the country – putting more disposable income in people’s pockets to support their local high streets. In order to deliver a tax system that better supports investment and growth, Government should prioritise measures which deliver a **fair, responsive and predictable tax system** – notably:

1. **More frequent revaluations** - so that the business rates system responds to changes in the economy more quickly.
2. **A lower tax burden** – the UK already has almost the highest property tax burden of all OECD countries<sup>1</sup> (it is over double the OECD average). These proposals will not address this challenge – and indeed will make the tax system even more uncompetitive for industries that use large or expensive property – many of which will be in the growth sectors which the Government is seeking to champion as part of the Industrial Strategy – such as manufacturing, lab space and data centres.
3. **A fixed tax rate** – the current system of changing the tax rate at every revaluation and uplifting the rate by inflation between revaluations adds unpredictability into the tax system. The tax rate should be fixed, like all other taxes – which will provide business with better certainty and predictability over their tax bills.

We are concerned that the proposals set out in this consultation are not conducive to driving growth and investment across the country – and therefore are unlikely to provide sustainable support to our high streets. Furthermore, the measures could lead to other unintended consequences like distorting investment decision around the new multiplier thresholds and adding complexity in the tax system. We would not support these measures if they risk undermining sustained economic growth – and would encourage an impact assessment to understand the consequences of these measures on our economy and jobs.

See the appendix for detailed comments – please do not hesitate to get in touch with any questions.

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<sup>1</sup> [Tax on property | OECD](#)

## Appendix: Consultation Response Form

Your name: Rachel Kelly

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☐ Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here:

### Question 1

Do you agree with the proposal to introduce a lower retail multiplier?

Yes ☐

No ☒

We have the following reservations in relation to introducing new multipliers for different value properties and different sectors:

1. **The measures risk making business rates more contentious, more complex and more likely to make more frequent revaluations harder to achieve.** New thresholds for different asset classes and valuation points will make valuations more contentious – which will make appeals more likely.
2. **More cliff edges:** Multipliers at different valuation points will create cliff edge points where a small investment results in a disproportionate uplift in business rates because the property is pushed into a higher tax rate. In order to mitigate some of the worst effect of introducing ‘cliff edges’, we would suggest the following:
  - A. **Provide for a progressive ‘slice’ system** – whereby all properties can access the lower tax rates for the relevant proportion of their property’s value (e.g. up to £50k) – and only the portion above £50k or £100k, is subject to the higher rate of tax - as would be the case under income tax or SDLT.
  - B. **Extend improvement relief to landlords** - Given over 50% of commercial property in the UK is owned by landlords, it is important that investment in such a huge proportion of our commercial property stock is not disincentivised, particularly around these new ‘cliff edge’ points.
  - C. **Reduce the range of tax rates** – the bigger the range in tax rates, the more material the cliff edges will be in terms of the additional tax burden that could result from a relatively small investment in a property. We’d recommend minimising the range in tax rates - at least in the first instance, until the impact of ‘cliff edge’ points on investment is better understood.

Please give reasons for your view:

## Question 2

Do you think the proposed definition for a retail multiplier would align with the policy intent?

Yes ☐

No ☒

If no, please give reasons for your view:

Thriving high streets will typically have a huge variety of different occupiers, all supporting and serving one another – from shops and offices or other workspaces, to cafes, leisure offerings, health centres and libraries. Large occupiers on the high street tend to create an ‘anchor’ for a high street – which generates significant footfall, which can support other businesses on the high street, including smaller retailers. Simply making the lower multiplier available to smaller retailers will not support that wider mix and variety of occupiers – which is crucial to the health of the high street.

## Question 3

Do you think a higher multiplier should apply to properties with a rateable value above £100,000 (subject to the described exclusions)?

Yes ☐

No ☒

Please give reasons for your view:

Please see our response to question 1, which outlines our reservations with introducing new tax rates for different value properties – notably the risk of additional complexity in the tax system, and the risk that new ‘cliff edges’ will distort investment decisions.

Furthermore, as noted above, the UK already has almost the highest property tax burden of all OECD countries<sup>1</sup> (it is over double the OECD average). These proposals will make the tax system even more uncompetitive for industries that use large or expensive property – many of which will be in the growth sectors which the Government is seeking to champion as part of the Industrial Strategy – such as advanced manufacturing, lab space and data centres. Therefore, we are concerned that this policy could undermine Government’s objectives to deliver economic growth.

## Question 4

Do you think the proposed definition for a higher multiplier would align with the policy intent?

Yes ☐

No ☒

If no, please give reasons for your view:

See response to question 3. We would reiterate that the best way to support our high streets is to drive economic growth and jobs across the country – to put more disposable income in people's pockets to support their local high streets. We are concerned that these measures will hamper some sectors that use large or expansive property- including some of the growth sectors that the Government is trying to champion as part of the Industrial Strategy. We would not support these measures if they risk undermining the Government's objectives to deliver sustained economic growth – and would encourage an impact assessment to understand the consequences of these measures on jobs and economic growth.

## Question 5

What, in your opinion, would be the likely effects of the proposals on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

1. Do you think that there are opportunities to promote any positive effects?
2. Do you think that there are opportunities to mitigate any adverse effects?

No comment.

## Question 6

In your opinion, could the proposals be formulated or changed so as to:

1. have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
2. mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

No comment.

## Question 7

We have asked a number of specific questions. If you have any related points which we have not specifically addressed, please use this space to record them.

We would reiterate that the best way Government can support our high streets is to deliver sustained economic growth and jobs across the country. Therefore, Government should prioritise business rates reforms which would better support investment and growth – in particular:

1. **A lower tax burden** – the UK already has almost the highest property tax burden of all OECD countries<sup>1</sup> (it is over double the OECD average). These proposals will not address this challenge – and indeed will make the tax system even more uncompetitive for industries that use large or expensive property – many of which will be in the growth sectors which the Government is seeking to champion as part of the Industrial Strategy – like advanced manufacturing, lab space and data centres.
2. **More frequent revaluations** – in order to achieve a fair and responsive business rates system, rateable values must be kept up to date. The previous Government made some steps in the right direction, by moving from five to three yearly revaluations. However, with a two-year valuation period (the antecedent valuation period), the system still results in businesses paying rates bills based on property values which are 5 years out of date at the end of the valuation cycle. In a fast-moving economy, this isn't quick enough – it prevents Government from supporting those businesses and industries that are struggling fast enough – and it also prevents the Exchequer from capturing revenues from thriving and growing industries and areas as soon as possible. More frequent revaluations and a reduction in the antecedent valuation period should be a key priority for Government in order to create a fairer tax system.
3. **Fix the tax rate** – at the moment the tax rate fluctuates at each valuation and increases by inflation between revaluations. It would be simpler, fairer and **more predictable** for business if the tax rate was fixed (as it is for all other taxes!). This way, businesses' tax bills would simply and more predictably go up and down based on changes in their properties' rateable value (which are a proxy for rents in many cases).
4. **Reform Empty Property Relief** - the current 3 to 6 month period of Empty Property Relief is woefully inadequate and does not reflect the time it typically takes to re-let a property to a new tenant – let alone carry out refits and energy efficiency improvement works. Imposing a 100% business rates charge on empty units after a 3-month period is penal and **makes investment riskier**, especially in less thriving areas where vacancy rates are already high. We would suggest extending the initial Empty Property Relief period to at least 6 months and ideally 12 months, for all properties, to better reflect actual vacancy periods - followed by a 50% discount thereafter, to reduce the risk of investing and developing property.