Welsh Parliament
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Non-domestic (business) rates

A guide for constituents

August 2026

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Welsh Parliament
Tŷ Hywel
Cardiff Bay
CF99 1SN

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Non-domestic (business) rates

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August 2026

Senedd Research is regularly asked about business rates, and how they apply to individual businesses within constituencies and regions. This quick guide seeks to answer some of the questions we are most frequently asked.

Businesses with complex cases should seek advice from either the Valuation Office or a suitably qualified professional.

Senedd Research provides impartial research support to Members of the Senedd. We cannot correspond directly with any other individuals or organisations, nor advise or comment on individual cases.

The information provided in this guide is for general informational purposes only to support the work of Members of the Senedd in assisting their constituents. It is not intended as a substitute to legislation, guidance, policy nor professional advice.


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1. Understanding non-domestic rates

What are non-domestic rates and how do they operate in Wales?

Non-domestic Rates (NDR), also known as business rates, are a form of tax applied to properties used for business purposes. They have been fully devolved to Wales since April 2015.

126, 120 rateable non-domestic properties in Wales in 2025

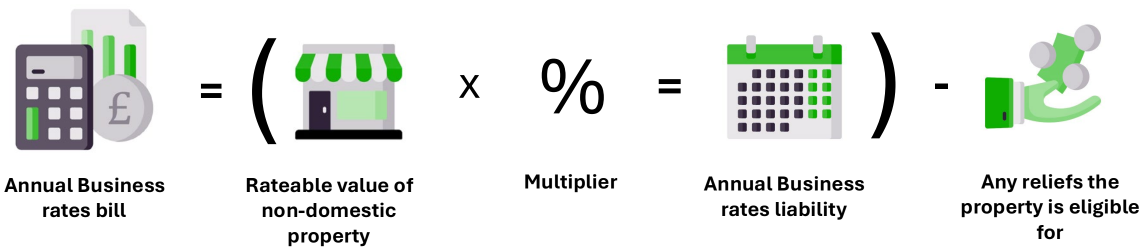
126,120

£1.1 billion of Welsh Government expenditure is being financed by business rates in 2026-2027, 4% of Welsh Government's total budget

£1.1bn

Source: Valuation Office, Non-domestic rating: stock of properties 2025; Welsh Government Final Budget 2026-27

Business rates are calculated in the following way in Wales:



Generally, the **rateable value** of a non-domestic property is an estimate of how much it could rent for each year if it were on the open market. This value is then multiplied by a percentage (known as the **multiplier**) to calculate the **business rates liability** of the property. For example, if the multiplier is 0.5, it means the business is liable for 50% of the rateable value. If the property qualifies for any special discounts or reliefs, those are subtracted from the liability to obtain the final **business rates bill**.

From 1 April 2026, **there are three multipliers** which may apply to a property in Wales:

- a retail multiplier, which applies to small to medium size retail shops with a rateable value below £51,000;
- a higher multiplier, which applies to properties with a rateable value above £100,000, subject to exceptions for **specific property types** which are occupied by public sector bodies or other institutions which are largely sustained by public funding models; and
- a standard multiplier, which applies to all properties which are not subject to either the retail multiplier or the higher multiplier.

Multipliers are set on an annual basis and usually increase in line with inflation unless the Welsh Government determines otherwise.

In Wales, the Welsh Government **collects the business rates** either directly (Central List) or indirectly through local authorities (Local List) into a centralised 'pool'. The money is then allocated to local authorities and Police and Crime Commissioners as part of the annual **Local Government Settlement** and **Police Settlement**.

How do revaluations affect business rates?

Revaluations of rateable values currently occur three years and are conducted by the **Valuation Office Agency (VOA)**, The most recent **revaluation took effect on 1 April 2026**. Revaluations reflect changes in the property market across Wales and redistribute business rates liabilities accordingly.

For the 2026 revaluation, the rateable value of a property is set to a **valuation date of 1 April 2024**.

What roles do different organisations play in the administration of business rates?

On 1 April 2026, the **functions of the VOA were integrated into HM Revenue and Customs**. The VOA no longer exists as an executive agency.

The HMRC **Valuation Office**, as it's now known, assesses the rateable value of all non-domestic properties in Wales independently of the Welsh Government and serves as the first point of contact for businesses that believe their bill is incorrect due to an inaccurate rateable value.

Each year, the **Welsh Government sets the business rates multiplier** and determines national business rates policy, including relief measures. Normally, the Welsh Minister with responsibility for finance oversees business rates policy and administration.

Local authorities collect business rates within their area, and are also able to award discretionary reliefs for businesses within their authority.

How does the VOA integration into HM Revenue and Customs affect me?

If you are **currently a customer with the VOA**, you do not need to take any action. Your case will continue to be progressed but any communications after 1 April will come from the Valuation Office within HMRC.

The HMRC Valuation Office notes the **customer helpline number** will remain the same and the online contact form will still be available.

Also, there will be **no change to the service provided** to commercial clients working with the District Valuer Services.

The email addresses for caseworkers will change to @hmrc.gov.uk, although the HMRC Valuation Office confirms they will continue to receive emails to their old VOA address.

How does the Valuation Office set rateable values for properties?

The Valuation Office ('VO') **adopts different methods** to determine the rateable value, depending on the type of property and information available.

Rental Method

The VO uses the **Rental Method** where there is a lot of information about lease terms and rents paid available. This method is used for properties that are often rented on the open market, such as shops or offices.

The VO looks at for how much the property was rented around the valuation date and takes into account whether the rent is below market value, the terms of the lease and for how much similar, nearby properties are being rented, **among other considerations.**

Receipts and expenditures method

Properties, such as pubs and large hotels, where the rental value is linked to turnover, are valued using the **receipts and expenditure approach**. This uses their trading potential, and profitability, as an indicator of value. The VOA agreed a **code of practice for valuing pubs** with trade representative bodies that sets out how this approach works in practice.

Contractor's basis method

Certain properties, such as a hospital or a steelworks, are not usually rented. For properties such as this, a method known as the **contractor's basis** is used to assign a rateable value to a property. This looks at the cost of replacing the building and, after adjustment, takes a prescribed percentage of that cost as the rateable value.

Who is responsible for ensuring business rates are calculated correctly?

From 1 April 2026, to ensure business rates are calculated correctly, the **person who is the ratepayer** for a property in Wales **must notify their local authority** of the date on which any of the following changes occurred, **within 60 days of it occurring**:

- you became the ratepayer of the property,
- the property has become occupied and was previously unoccupied (empty), or
- the property has ceased to be occupied (has become empty)

Failure to comply with this duty may result in a fine of £500. Ratepayers who provide false information may receive a fine on summary conviction up to level 3 on the standard scale (currently £1,000).

The **Business Wales webpage** includes guidance on the duty to report changes of circumstances to local authorities.

If any of the following changes happen, ratepayers **should contact the VO** to ensure they are paying the right amount in business rates:

- If changes are made to business premises;

- If the mode or category of business occupying a property changes;
- If part of a property is sublet; or
- If two or more premises merge into one. The VO will then assess whether the change justifies changing the rateable value of a property.

How does the appeals process work if a business considers its rateable value is incorrect?

If a business thinks that the rateable value the VO has **assigned to a property is incorrect**, it can **challenge it** with the VO through their **business rates valuation account**.

If a business disagrees with a challenge decision or the VO has not replied within 18 months of a challenge having been sent in by a business, then a business **can make an appeal**.

There are three stages to the formal appeals process:

- checking the details for the property;
- formally challenging the rateable value; and
- if agreement cannot be reached, the decision can be appealed and the case taken to the **Valuation Tribunal for Wales**.

Ratepayers must first tell the Valuation Office the factual details about their property need updating by submitting a **check case** to the VO.

Unlike a check, which is all about the factual details, a **challenge** is against the rateable value of a property. **Guidance** specifies when and how challenges can be made, as well as the evidence required to support them.

The **evidence must explain** why it is reasonable to think the current valuation is wrong and must fully support the requested changes.

Evidence that could be submitted includes:

- valuations of similar local properties;
- legal decisions; and

- any other documents that support your challenge, such as photographs of the land or property and local environment.

Ratepayers should **appeal to the Valuation Tribunal for Wales** (the 'Valuation Tribunal') if they disagree with a challenge decision made by the Valuation Office or if they have not received a reply from the Valuation Office within 18 months of submitting a challenge.

The **types of appeals** handled by the Valuation Tribunal include appeals against:

- the rateable value of a property set out by the VO;
- a penalty notice issued by the VO
- a transitional certificate issued by the VO.

In case the ratepayers are not satisfied with the decision of the Valuation Tribunal, they can appeal it to the **Upper Tribunal (Lands Chamber)**.

Where can constituents get advice relating to business rates?

In relation to complex individual cases, it is recommended that business ratepayers seek advice from a suitably qualified professional.

Businesses who have questions about their property's rateable value can contact the VO in the first instance. However, there are a number of other sources of assistance that are also available:

- Business ratepayers can obtain **30 minutes of free advice** by calling a helpline offered by the Royal Institution of Chartered Surveyors.
- Ratepayers can get advice from professional rating surveyors through the **Royal Institution of Chartered Surveyors**, **Institute of Revenues, Rating and Revaluation** (if they are already a Member) and the **Rating Surveyors Association**. However, it is worth being aware that rating surveyors may charge for any advice provided right from the start of the process.

For more general enquiries, or if a business is experiencing difficulties paying their bills, the first point of contact is the relevant local authority.

2. Special cases and appeals

Which businesses are exempt from business rates?

Properties **exempt from business rates** include:

- agricultural land and buildings, including fish farms;
- buildings used for training or the welfare of disabled persons;
- buildings registered for public religious worship and church halls.

Schedule 5 to the Local Government Finance Act 1988 sets out a list of the exempt types of property.

Are self-catering properties liable for business rates?

From 1 April 2023 in Wales, a **self-catering property** (including holiday accommodation such as holiday cottages) is classified as non-domestic and liable for business rates, if the **VO is satisfied**:

- it will be available for letting commercially as self-catering accommodation for short periods totalling 252 days or more in the following 12-month period;
- the ratepayer's interest in the property enables them to let it for such periods;
- in the 12 months prior to the day being considered, it has been available for letting commercially as self-catering accommodation for short periods totalling 252 days or more;
- the short periods it has actually been commercially let for is a total of at least 182 days during that period; or
- if the short periods it has actually been commercially let for is a total of less than 182 days during that period, the average over the two or three 12-month periods prior to the day being considered is at least 182 days.

From 1 April 2026, the average of the days for which a property has actually been commercially let over the past two of three years **may be taken as**

evidence of compliance, where 182 days has not been achieved in the most recent 12 months.

Properties that do not satisfy these criteria are **likely to be considered 'domestic'** and liable for council tax.

Legislation broadly defines **letting "commercially"** as letting the property at market rates and actively advertising, and it would not include letting to friends or relatives at zero or nominal rents.

Additionally, from 1 April 2023, local authorities have been able to charge a **council tax premium of up to 300%** of the standard rate on second homes and long-term empty homes. It is also possible for properties that obtained **planning permission for being self-catering accommodation** to still be listed as a domestic property for council tax purposes, as the planning and taxing systems have been designed to work independently.

Does running a business from home make it eligible for business rates?

Home based businesses do not usually have to pay business rates if:

- only a small part of the home is used for the business, e.g. using a bedroom as an office;
- goods are sold by post.

Properties might be eligible for both business rates and council tax if:

- the **property is part business and part domestic**. For example if the shopkeeper lives above a shop, or the publican of a public house lives on the premises;
- if goods or services are sold to people visiting the property;
- if other people employed by the business work at the property;
- if changes have been made to the home for the business, for example converting a garage to a hairdresser's.

3. Business rates reliefs

What reliefs are available to businesses?

Some businesses are eligible for a reduction in their business rates bill, referred to as a “relief”. There are **several types of reliefs** available for non-domestic properties in Wales.

Small Business Rates Relief in Wales

The Welsh Government provides non-domestic rates relief to eligible **small businesses**. Eligible businesses with a rateable value of up to £6,000 will receive 100% relief.

Those with a rateable value between £6,001 and £12,000 will receive relief on a tapered basis from 100% to zero.

The relief is subject to a maximum of two properties per business in each local authority.

There are enhancements available for certain business categories, for example registered childcare premises and Post Offices.

Transitional Rates Relief

From 1 April 2026, following the revaluation, the Welsh Government is providing all ratepayers whose liability is increasing by more than £300, as a consequence of revaluation, with **Transitional Rates Relief**.

An eligible ratepayer will pay 33% of their additional liability in the first year (2026-27) and 66% in the second year (2027-28), before reaching their full liability in the third year (2028-29).

Improvement Rates Relief

Improvement Relief is available to ratepayers investing in improvements to their non-domestic properties, which will support their businesses.

The relief will delay the effect of a resulting rateable value increase on their non-domestic rates liability for a period of 12 months.

Heat Networks Rates Relief

The Welsh Government provides **Heat Networks Relief**, which is intended to support the transition away from the use of fossil fuels and towards the decarbonisation of heat.

It provides full (100%) relief to eligible non-domestic hereditaments which are used wholly or mainly as a heat network providing thermal energy generated from low-carbon sources.

Hardship and Discretionary Rates Relief

Local authorities can **grant hardship relief or other discretionary relief** to ratepayers if they believe that it is in the interests of the local community to do so.

For more information contact your local authority.

What relief is available for businesses in particular sectors?

In 2026-27, the Welsh Government provide targeted non-domestic rates support to businesses in the **food and drink hospitality** sector. Eligible properties will receive 15% off their liability for the financial year. The relief is capped at £110,000 per business across Wales.

If properties contain plant and machinery used or intended to be used in onsite **renewable energy** and for Electric Vehicle Charging Point storage, these parts only are excluded from the rating assessments of the property. The exceptions apply from 1 April 2024 until 31 March 2035 and are **intended to support** investment in renewable technologies and the decarbonisation of non-domestic properties.

The Welsh Government is providing business rates relief and retention, as part of a set of incentives for **Freeports and Investment Zones in Wales**. Guidance for **Freeports** and **Investment Zones** is available on the Welsh Government website.

If the **property is owned or occupied** by a registered charity or community amateur sports club, it automatically qualifies for 80% mandatory rates relief. It may qualify for relief of up to 100% at the discretion of the local authority.

Empty business properties are exempt from paying business rates for three months after the property becomes unoccupied, or for six months if the property is classified as industrial. There are **additional exemptions** for certain types of property, for example scheduled monuments or properties where occupation is prohibited by law or for properties with a rateable value under £2,600. After the exemption period ends, it will be liable for the full business rates bill, unless there are any applicable reliefs. The ratepayer **should notify** the local authority when the property becomes vacant and when it becomes re-occupied.

Further information

For further information about **business rates**, please contact **the Financial Scrutiny Unit** (**FSUenq@senedd.wales**), Senedd Research.

See also:

- Business Wales, **Business Rates in Wales | Business Wales (gov.wales)** – a Welsh Government website with support for having a business in Wales including about business rates in Wales;
- Valuation Office, **Find a business rates valuation - GOV.UK (www.gov.uk)** – the main body valuating business properties;
- Valuation Office, **How your property is valued for business rates - GOV.UK (www.gov.uk)** – information on how properties are valued;
- Valuation Office, **How to check and challenge your rateable value in Wales - GOV.UK (www.gov.uk)** – information on the process of challenging rateable values;
- Valuation Office, **Research and statistics - GOV.UK (www.gov.uk)** – statistics and other publications from the Valuation Office (formerly the VOA);
- Valuation Office, **HMC Valuation Office – News and updates from the Valuation Office (blog.gov.uk)** – contains more details about the valuation of specific types of properties (e.g. hotels, pubs, repairs);
- StatsWales, **Non-domestic rates (gov.wales)**– statistics about non-domestic rates.