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Dear Dame Meg,

I am writing in response to the PAC hearing on 11 May, where I committed to write to you to set out what the Government is doing to improve the operation of the system and the quality of data held on business rates.

A business rates revaluation took place on 1 April 2023, updating the rateable value for all properties in England and Wales for the first time since 2017. The revaluation should have taken place on 1 April 2020, however this was postponed to help reduce uncertainty for businesses affected by the impact of the pandemic.

The Government is delivering a significant set of reforms to the business rates system which will improve the operation of the system and the quality of data held. We are increasing the frequency of revaluations, moving from a five-yearly cycle to a three-yearly cycle, with the next revaluation taking place in 2026. More frequent revaluations will ensure that liabilities are more responsive to changing economic conditions and that the rateable values for relevant properties are more up to date. This addresses a key ask of stakeholders in the call for evidence during the Business Rates Review, and the Government considers that moving to a three-yearly cycle will make the system fairer and more responsive for all ratepayers. The Government considers it important to approach changes to the revaluation cycles sequentially, because moving too fast would be more disruptive to ratepayers and local authorities. However, the Government will carefully consider the case for further changes, such as an annual revaluation cycle, in the longer-term.

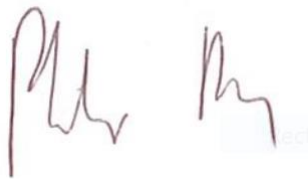
The Government is currently legislating for two further reforms that will increase the accuracy and quality of data held by billing authorities: a new Valuation Office Agency (VOA) information duty and HMRC's Digitalising Business Rates project.

Under the new VOA information duty, all ratepayers will need to notify the VOA within 60 days of taking up occupation, and when there are changes to their property or rent,

by using an online service. An annual confirmation process will also require ratepayers to confirm they have provided information about any changes during the previous year. They will have 60 days from 30 April each year to complete the process, which will be simple and easy to use. The duty will include all small businesses in receipt of 100% relief, which will ensure that the Government has access to information on the full range of properties within the business rates system. The VOA will continue to share relevant information with local billing authorities to support the efficient administration of the tax.

Digitalising Business Rates (DBR) will connect business rates information held by councils with HMRC tax data. DBR will help create a single overview of businesses across England and Wales – the properties they occupy, the rates they pay, and any reliefs they receive; all linked to HMRC tax data, including key business characteristics such as turnover and profit. DBR will enable the Government to better target financial support to the businesses that need it most, and improve the data available to billing authorities to determine the reliefs that individual ratepayers should benefit from.

Kind regards

A handwritten signature in dark ink, appearing to read 'Philip Duffy', with a small blue square stamp to the right.

Philip Duffy