

MAYOR OF LONDON

Lord Duvall of Woolwich OBE AM

Chair of the London Assembly
AssemblyChair@london.gov.uk

Our ref: MGLA011225-9496

Date: 21 April 2026

Dear Len,

London Assembly (Mayor's Question Time) – 20 November 2025 – Motions

Thank you for your letter about the motions agreed at Mayor's Question Time on 20 November 2025. My reply to motion 3.8 is set out below, and my apologies for the delay.

Motion 3.8 – Business rates tax avoidance

I fully accept the issues and concerns raised in the Assembly's motion on business rates tax avoidance.

Local authorities are facing ongoing challenges in tackling creative tax avoidance measures, including ratepayers temporarily placing boxes in empty premises to trigger three-month empty property relief every 13 weeks, and live snail farms in offices to trigger an agricultural use exemption from paying business rates. The City of London alone has estimated that it is losing at least three per cent of its business rates taxbase – equivalent to £35 million a year – from avoidance schemes. The lost tax revenues across England are likely to run into hundreds of millions of pounds annually.

Local councils are already working closely with the police and the National Crime Agency to address specific cases, as well as sharing data through the Government's National Fraud Initiative. But they clearly need more resources and powers to tackle tax avoidance, evasion and organised crime more generally.

I confirmed, through a Mayoral decision (3458), last December that the Greater London Authority (GLA) will provide the 33 local authorities in London with over £50 million over four years until at least 2028-29 to fund projects that seek to maximise both business rates and council tax income. This includes funding for property inspection teams, which play a critical role in identifying and tackling business rates avoidance. This will be match-funded by billing authorities in proportion to the shares of any additional revenues generated. This highlights how we are already working with London's local authorities to tackle avoidance and help ensure they have the resources needed to undertake this critical work.

MAYOR OF LONDON

The Government is also recognising that more work needs to be done in this area. Alongside the Budget on 26 November 2025, HM Treasury published a call to evidence 'Business Rates and Investment' paper ([Business Rates and investment: Call for Evidence - GOV.UK](#)). This invited views as to how business rates avoidance – particularly through empty property relief (EPR) – can be addressed more effectively in future. The document highlighted that the abuse of EPR undermines the objective of bringing empty properties back into use, which discourages investment and allows commercial properties that could otherwise support business activity and growth to remain vacant.

The Greater London Authority responded to this call for evidence by the closing date of 18 February. Engaging with this consultation is the best mechanism to ensure further steps are taken to tackle avoidance, as it establishes a formal process through which change can take place, including the introduction of new legislation, if required. We await the Government's response to the call for evidence submissions.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', with a small '2' written below the name.

Sir Sadiq Khan
Mayor of London