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| WRITTEN STATEMENT BYTHE WELSH GOVERNMENT |

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| **TITLE**  | Summary of responses: consultation on local taxes for second homes and self-catering accommodation |
| **DATE**  | **02 March 2022** |
| **BY**  | **Rebecca Evans MS, Minister for Finance and Local Government**  |

I am pleased to publish the outcome of the 2021 consultation on [*Local taxes for second homes and self‑catering accommodation*](https://gov.wales/local-taxes-second-homes-and-self-catering-accommodation)*,* one part of the Welsh Government’s [three-pronged approach](https://gov.wales/welsh-government-announces-three-pronged-approach-address-second-homes-crisis) to address issues of affordability and the impact large numbers of second homes and holiday lets can have on communities and the Welsh language.

This consultation forms part of a review of the current local tax legislation and considered the discretionary powers given to local authorities to apply council tax premiums to second homes and long-term empty properties, and the criteria and thresholds used to classify self-catering accommodation (commercial holiday lets) as non-domestic properties.

The consultation sought views and evidence from individuals and organisations on the discretionary powers which allow local authorities to levy a higher rate of council tax on second homes and long-term empty properties. We also asked for views and evidence on the criteria for a property to be defined as self-catering accommodation for local tax purposes. We also welcomed views on the impact of potential changes.

The consultation ran from 25 August to 17 November 2021 and received almost 1,000 responses, reflecting a wide spectrum of interests.

I have carefully considered the consultation responses.

In relation to the maximum level at which local authorities can set council tax premiums on second homes and long-term empty properties, I will introduce new legislation to increase this to 300%, effective from 1 April 2023. The ability to charge additional council tax premiums has been welcomed as a mechanism for local authorities to mitigate the negative impacts that second homes and long-term empty properties can have. While many of the opportunities for addressing housing issues through premiums have not yet been fully realised, increasing the maximum level will enable local authorities to decide a level appropriate for their individual local circumstances when the time is right for them. Authorities can set the premium at any level up to the maximum and can apply different premiums to second homes and long-term empty dwellings. As now, it will be for individual authorities to decide whether to apply a premium and at what level to apply it.

The views conveyed in the consultation, including those from respondents representing the wider tourism industry, clearly support a change to the criteria for self-catering accommodation to be classified as non-domestic. I will, therefore, introduce legislation to amend the criteria used in classifying self-catering accommodation within the local taxation system.

The Non-Domestic Rating (Amendment of Definition of Domestic Property) (Wales) Order 2022 will amend the length of time a property is required to be actually let, increasing it from 70 days to 182 days. It will also amend the length of time a property is required to be available to let, increasing it from 140 days to 252 days.

Increasing the thresholds will provide a clearer demonstration that the properties concerned are being let regularly as part of genuine holiday accommodation businesses and are making a substantial contribution to the local economy. The Order will come into force as soon as possible during the spring and will have practical effect from 1 April 2023, applying the amended criteria from that day onwards. I have launched a technical consultation on the draft statutory instrument, which will be open for responses until 12 April and is available [here](https://gov.wales/draft-non-domestic-rating-definition-domestic-property-wales-order-2022).

Finally, I am considering proposals for a package of work to reform aspects of the non‑domestic rates system in Wales. I expect this work to include a review of existing relief schemes and this could encompass the eligibility of self-catering properties and other businesses for Small Business Rates Relief, ensuring support is targeted appropriately.

The summary of consultation responses is available at:

[Local taxes for second homes and self-catering accommodation | GOV.WALES](https://gov.wales/local-taxes-second-homes-and-self-catering-accommodation)

As part of the Co-operation Agreement with Plaid Cymru, we are committed to taking immediate action to address the impact of second homes and unaffordable housing in communities across Wales, using the planning, property and taxation systems. This includes greater powers for local authorities to charge council tax premiums.