



Eich cyf/Your ref: P-05-1009
Ein cyf/Our ref: RE/00634/20

Janet Finch-Saunders MS
Chair of the Petitions Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN
Government.Committee.Business@gov.wales

3 September 2020

Dear Janet,

Thank you for your letter about Petition P-05-1009 which proposes local authorities in Wales should be mandated “to apply a minimum 100% council tax surcharge on second homes”.

Local authorities in Wales already have powers to charge a premium of up to 100% of the standard rate of council tax on second homes, and long-term empty properties, in their areas. Wales is the only part of the UK to have introduced these powers in relation to second homes. The powers are discretionary and enable local authorities to determine whether to apply a premium and, if so, at what level. This allows individual authorities to tailor their approaches to the particular needs and circumstances of their area, and to strike a balance between the interests of communities, homeowners and the local economy.

The powers were introduced as part of a package of tools to help local authorities in bringing properties back into use and in managing issues affecting local housing supply. Certain second homes, for example job-related dwellings, are exempt from the premium. More detail about the powers is given in the guidance which accompanied their introduction:

<https://gov.wales/sites/default/files/publications/2019-06/council-tax-on-empty-and-second-homes.pdf>

The law in Wales makes a clear distinction between second homes retained for private use and properties let as self-catering accommodation. Second homes are subject to council tax and their owners cannot claim small business rates relief. Self-catering accommodation is listed for non-domestic rates and is treated in the same way as other businesses when considering eligibility for rates relief. Following consultation, the Non-Domestic Rating (Definition of Domestic Property) (Wales) Order 2010 was made and set minimum letting criteria for properties to be classified as self-catering accommodation. The criteria were strengthened in 2016 following further consultation. The assessment as to whether a property is listed for council tax or non-domestic rates is made by the Valuation Office Agency (VOA).

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The VOA is independent of the Welsh Government. It has a statutory function to compile and maintain the lists of domestic and non-domestic properties in Wales and England for local tax purposes.

A property is identified as self-catering accommodation and defined as non-domestic, if the VOA is satisfied that:

- it will be available for letting commercially as self-catering accommodation for short periods totalling 140 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 assessment it has been available for letting commercially as self-catering accommodation for short periods totalling 140 days or more
- the short periods it has actually been commercially let for amounted to at least 70 days during that period.

Movements between the council tax list and non-domestic rating list occur in both directions, for example when properties change use or are adapted for different purposes. If an owner of self-catering accommodation wishes to have their property removed from the council tax list and transferred to the non-domestic rating list, they must submit a formal request to the VOA. They must also provide supporting documentary evidence that the property meets the letting criteria. The VOA examines this evidence before determining whether the property should be entered onto the non-domestic rating list.

The Welsh Government has worked closely with local authorities and the VOA to identify any cases of properties which have been incorrectly listed as self-catering accommodation. Local authorities have been invited to provide information about properties they believe have been wrongly listed for examination by the VOA. No evidence has yet been identified of self-catering properties being inappropriately listed. The invitation to authorities to provide evidence for examination by the VOA remains open.

There also is a well-established legal framework in place for enforcing the payment of council tax and non-domestic rates. In addition, financial penalties may be imposed on anyone who submits inaccurate information for local tax purposes and the provision of false information with an intention to commit fraud could result in prosecution.

The Welsh Government remains committed to increasing housing supply in Wales and is on target to deliver 20,000 additional affordable homes by the end of the current Senedd term.

Yours sincerely



Rebecca Evans AS/MS

Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

