

Written Statement: Council Tax Premiums: Guidance for Local Authorities and Regulations to Extend the Exceptions from Premiums

Rebecca Evans MS, Minister for Finance and Local Government

Today, I am pleased to announce the outcomes of two further consultations on the use of council tax premiums in Wales.

On 11 November 2022, I announced [the steps being taken by the Welsh Government](#) following our [consultation on local taxes for second homes and self-catering accommodation](#). I also issued two technical consultations seeking views on draft Regulations to extend the exceptions to council tax premiums and on revised guidance on the implementation, administration and enforcement of premiums.

These consultations were issued in preparation for the changes to local taxes that will be in force from 1 April 2023, namely the amendment of the criteria which determine whether self-catered holiday lets are listed for non-domestic rates rather than council tax, and the increase to the maximum council tax premiums which councils can charge on second homes and long-term empty dwellings.

The latest consultations form part of our ongoing work to ensure property owners make a fair contribution to the communities where they own homes or run businesses. This, in turn, contributes to the Welsh Government's three-pronged approach to addressing the impact that large numbers of second homes and holiday lets can have on communities and the Welsh language.

The draft Regulations would extend the existing exceptions to premiums to apply to properties with a planning condition which specifies that a property may only be used for short-term holiday lets or which prevents its permanent occupation as a person's sole or main residence. Such properties would become liable for council tax at the standard rate if they do not meet the letting criteria for classification as non-domestic property, but they could not be charged a premium. This is consistent with our policy view that property owners should make a fair contribution to local communities either through local taxation or through the economic benefit they bring to an area.

Responses to the consultation on the draft Regulations raised a minor point of technical clarity and an amendment has been made to the draft legislation to remove the reference to 'short-term'. This will ensure that properties which do not have a length of time specified in their holiday let planning condition are excepted from the premium.

As well as publishing the summary of responses to the consultation on the legislation, I am pleased to confirm that the Welsh Government will proceed with making [the Council Tax \(Exceptions to Higher Amounts\) \(Wales\) Regulations 2023](#). The intention is that they take effect from 1 April 2023, applying the new exceptions from that day onwards.

I am also publishing today [the outcome of the consultation on the revised guidance for local authorities on council tax premiums on long-term empty dwellings and dwellings periodically occupied \(second homes\)](#). This provides additional guidance on the administration and enforcement of council tax premiums. It also highlights the additional options available to local authorities where self-catering properties not restricted by planning conditions do not meet the letting criteria. In addition, from 1 April 2023, local authorities will be encouraged to publish on their websites, details about the revenue generated from charging a premium in the previous financial year. The revised guidance will be published shortly and apply for practical purposes with immediate effect.

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.

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