



**Llywodraeth Cymru
Welsh Government**

Eich cyf/Your ref P-06-1483
Ein cyf/Our ref MDFWL/00145/25

Carolyn Thomas MS
Chair - Petitions Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

26 March 2025

Dear Carolyn,

Thank you for your letter and for bringing Ms Cullimore's concerns to my attention. As the Cabinet Secretary with responsibility for the legislation relating to the regulation of visitor accommodation and the visitor levy, it felt appropriate that I respond.

As the Cabinet Secretary for Economy, Energy and Planning set out in her letter of 19 November 2024, the Welsh Government recognises concerns about the impact that some visitor accommodation can have on communities and reports of inconsistent compliance with, or understanding of, statutory requirements. It is partly for this reason we have already put in place a range of measures which seek to begin to address those concerns, some of which are referenced in Ms Cullimore's letter.

In particular, the primary aims of our changes to local taxes are to ensure property owners are making a fair contribution and to maximise the use of property, to the benefit of local communities. This could include benefits arising from increased occupancy for short-term letting or the release of some properties for sale or rent as permanent homes for local people. As a consequence of the changes, self-catering holiday lets are liable for non-domestic rates (rather than council tax) only if they are being used for business purposes for at least half of the year (182 days).

It is expected that genuine holiday let businesses are able to meet the letting criteria where the local supply of self-catering accommodation does not exceed demand. Properties with high levels of occupancy make a substantial contribution to the local economy and benefit from the same non-domestic rates support as other small businesses. Second homes let out on a more occasional basis are instead liable for council tax, which may include a premium.

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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 classification and valuation method applied to self-catering holiday lets is the responsibility of the Valuation Office Agency (VOA), which is independent of the Welsh Government. The figure quoted by Ms Cullimore for the number listed for non-domestic rates reflects the position as it was prior to full implementation of the current letting criteria. The VOA will soon have completed all compliance checks since the changes took effect on 1 April 2023. I look forward to receiving further evidence from the VOA after April, which will provide updated numbers of holiday lets listed for non-domestic rates. I can also clarify that properties which do not meet the criteria will have their council tax listing backdated to the first day, on or after 1 April 2023, from which the properties did not comply.

I note Ms Cullimore's suggestions for alternative approaches to local taxes for second homes and holiday lets. We are in a period of adjustment, following the policy changes already made by the Welsh Government and the decisions taken locally about premiums, as some property owners consider their options and determine how to respond. It will be important to allow time for these changes to embed before drawing any firm conclusions. We consider our local tax regime will help local authorities to incentivise the right balance between capacity within the self-catering tourism sector, and the economic benefits that brings, and supporting viable communities of local residents to live and work in these areas.

In relation to council tax premiums, if a liable person has more than one home, the local authority must decide which is their main residence based on any evidence available. The starting point for deciding the sole or main residence is section 6(5) of the Local Government Finance Act 1992, where a 'sole or main residence' refers to premises in which the taxpayer actually resides. Usually, a person's main residence would be the dwelling that a reasonable onlooker with knowledge of facts would regard as that person's home at the time. Using the property for example as a postal address or store property does not constitute residence for council tax purposes. The local authority can consider a range of evidence from a taxpayer that the property is their main residence e.g. bank statements, utility bills, registration at a GP surgery, forms of identification and statements from neighbours and professionals. A local authority is expected to act reasonably when assessing such evidence.

The Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015 provide an exception for dwellings being marketed for sale which is time-limited for one year only. If a self-catering property does not meet the letting thresholds, it will be classified as a domestic property and will be liable for council tax and the premium. If the owner subsequently decides to market the property for sale, the exception is designed to allow time to do so and they will not be liable to pay a premium, but will continue to pay council tax at the standard rate. After an exception has ended, a dwelling being marketed for sale will not be eligible for a further exception period unless it has been sold to a new owner.

More broadly, the Welsh Government is committed to reducing opportunities for tax avoidance, which undermines the efforts of the vast majority to pay what is due. We are delivering a package of measures to tackle non-domestic rates avoidance, which will be fully implemented by April 2026. This package includes changes to help prevent a minority of ratepayers from accessing non-domestic rates reliefs they are not intended to be eligible for.

These measures are, however, just part of the picture. On 25 November 2024, I introduced to the Senedd the Visitor Accommodation (Register and Levy) Etc. (Wales) ('VARL') Bill. As the title shows, it includes provision for the registration of visitor accommodation in Wales, a decision I took in order to expedite the implementation of the register. That Bill, subject to Senedd approval, will require all visitor accommodation providers to register any and all visitor accommodation they provide in Wales and share information about that accommodation.

Once implemented, the register (much of which will be made publicly available), will provide valuable data for local authorities which has been, up to now, either unreliable or simply not available. As Ms Cullimore pointed out, only the local authority in Gwynedd and Eryri National Park Authority have considered implementing the Article 4 direction thus far. However, the register will help to fill the data gap, providing a more rounded picture of the sector and a better evidence base for local authorities to consider the needs of communities and the visitor economy in their area.

The VARL Bill is the first Bill in a package of legislation to regulate visitor accommodation. As well as providing for registration, this first Bill affords local authorities discretionary powers to implement a levy on overnight stays in their area, to raise additional funds that can be invested back into local services and infrastructure. Following this, and as the petition itself highlights, the Welsh Government intends to introduce further legislation before the end of this Senedd term to provide for the licensing of visitor accommodation in Wales.

This second Bill will require visitor accommodation providers to apply for a licence. Work is continuing quickly on the detail of that Bill, with the matters to be included still being finalised. As part of that work, we are considering what scope the legislation should give for a future Senedd to add additional requirements into the licensing scheme without needing further primary legislation. The focus, at least in the first instance, will be on safety; emphasising compliance with relevant statutory safety obligations, and complementing existing legislative requirements.

In considering this legislation and government policies more broadly, we are seeking to balance not only the needs of communities with those of a successful and sustainable visitor economy, but also with the rights of owners to peaceful enjoyment of their property. As such, any additional conditions that may be developed in the future will need to consider that balance carefully, alongside whether existing regulatory or enforcement measures are sufficient to mitigate any harm to visitors, staff, and the communities in which the visitor accommodation is being used, whilst also maintaining value for money for the taxpayer. We will also need to consider which part of the system is best placed to act, balancing a clear and consistent national framework with support for local authorities to meet the distinctive needs of their areas.

It is for these reasons that there are no plans to include provision for neighbours or communities to be involved in the consideration of applications for a licence under this scheme. It may appear this prioritises visitors over residents or communities, but ensuring properties being used for visitor accommodation are safe will be of benefit to all, particularly where the accommodation is in close proximity to other residential properties, such as in Ms Cullimore's case.

Whilst individually, these measures and legislation may not achieve the exact outcome Ms Cullimore and the other petitioners desire; taken together, and once implemented, they will go a significant way to achieving the right balance.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive style with a large initial 'M'.

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language