

Second Homes

Thank you to Cllr Ian Bramble and Lisa from South Hams District Council for coming to Parliament to meet Rishi Sunak MP, Minister for Local Government to discuss fair contribution from second home owners and the business rates 'loophole' which could be costing councils millions in lost Council Tax. Currently, second-home owners pay Council Tax on their properties including when the property is available to rent infrequently during the year.

Properties are valued for business rates when owners declare their property is available to let as 'holiday accommodation' for 140 days or more in a year. Any property registered for business rates, rather than Council Tax, is likely to qualify for small business rate relief. This provides 100% relief from business rates, so no tax is due on properties with a rateable value of £12,000 or less. Around 47,000 holiday lets in England are liable for business rates, of which circa 96% have rateable values of £12,000 or less. Currently there is no requirement for evidence to be produced that a property has actually been commercially let.

Genuine businesses can claim the relief to which they are entitled. However, there are concerns that owners of second homes which do not fall into this category, could exploit the system by not paying Council Tax, whilst still using local services.

A consultation is seeking views on whether to strengthen the checks that are already in place to ensure second-home owners have to pay Council Tax, while ensuring genuine holiday let businesses are able to demonstrate they are eligible for business rates relief. The consultation closes on 16th January 2019