

POLICY NOTE

THE COUNCIL TAX (VARIATION FOR UNOCCUPIED DWELLINGS) (SCOTLAND) AMENDMENT REGULATIONS 2023

SSI 2023/389

The above instrument will, if approved by resolution of the Scottish Parliament, be made in exercise of the powers conferred by section 33(1) and (2) of the Local Government (Scotland) Act 2003. The instrument is subject to the affirmative procedure.

Summary Box

The Regulations remove the restriction on local authorities imposing a Council Tax increase on second homes. Instead, local authorities will be able to increase the amount of Council Tax payable on second homes by up to 100%. In this scenario the amount of Council Tax payable could be as much as double the full rate of Council Tax.

The Regulations also provide for an exclusion of the ability of local authorities to impose a premium of up to 100% on the amount of Council Tax payable on any property which has been unoccupied for at least 12 months, where the property has been purchased by a new owner within the past six months, and repairs or renovations are being undertaken. Local authorities will have discretion to extend the period for which the exclusion applies, where they consider that it is appropriate to do so in order to enable works to be completed.

Policy Objectives

Second Homes

A second home is a home which is furnished and lived in for at least 25 days in a 12 month period, but is not someone's sole or main residence. The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 (as amended in 2016) ("the 2013 Regulations") set a 50% Council Tax discount as the default charge for accommodation that is not someone's sole or main residence and gives local authorities the power to change that discount.

In practice, for second homes, this means local authorities can currently:

- alter the level of discount, to provide a discount of between 10% and 50%
- offer no discount.

These Regulations remove the restriction on local authorities imposing an increase in the amount of Council Tax payable on second homes, and instead provide a power for local authorities to increase the Council Tax payable on second homes by up to 100%.

The discretionary nature of these additional powers mean that local authorities will be able to make decisions in relation to the treatment of second home based on local circumstances, including on how to achieve the right balance in the use of housing to meet local needs and to support thriving communities.

Exclusion from the 100% premium on the Council Tax liability

Currently, local authorities are required to apply a 50 per cent discount, for six months after sale, to a property that requires “major repair work” or structural alterations to make it habitable. Local authorities do not have the ability to reduce the level of discount in relation to such properties; and nor can they impose a premium on the amount of Council Tax payable. This discount will only apply where a property is undergoing (or has undergone) major repair work or structural alteration and is uninhabitable as a consequence. Where a property prior to sale had been a long-term empty property and is then unoccupied due to renovations or repairs that are not of a structural nature, a new owner may be required to pay a Council Tax premium.

These Regulations provide for a grace-period from exposure to the Council Tax premium of up to 100%, that is payable on an unoccupied property, when it is purchased by a new owner. This grace-period will apply where the property has been purchased by a new owner within the past six months, and renovations or repairs are being undertaken. . Joint guidance will be produced in partnership with Local Government on the circumstances in which the grace-period will apply and the types of work that will be included under “repairs or renovations”.. It will, however, ultimately be left to the discretion of local authorities to determine whether work falls into this category. Local authorities may also choose to extend the period for which the exclusion applies, where they consider that it is appropriate to do so in order to enable works to be completed.

The policy objective is to ensure that the Council Tax premium on long-term empty homes, is not a disincentive for a prospective purchaser that intends to bring the property back into use.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government’s policy to maintain alignment with the EU.

Consultation

Second Homes

A public consultation seeking views on providing additional powers to councils allowing them discretion to charge up to 100% premium on Council Tax for second homes closed on 11 July 2023. A total of 981 responses were received, 73 from groups or organisations and 908 from individual members of the public.

The consultation included a question on whether there should be a power to impose a premium on second homes, and this received majority support. The full analysis of the public consultation can be found at the following link, [Council tax for second and empty homes, and thresholds for non-domestic rates: Consultation analysis \(www.gov.scot\)](https://www.gov.scot/publications/consultations/2023/07/11/council-tax-for-second-and-empty-homes-and-thresholds-for-non-domestic-rates/consultation-analysis/).

Exclusion from the 100% premium on the Council Tax liability

An Empty Homes Audit, produced by Indigo House, published its findings in September 2023. It made recommendations intended to help inform how commitments on empty homes within the Housing to 2040 Strategy can best be met. The report contained a specific recommendation regarding Council Tax and the treatment of Long-term Empty Homes. Specifically, that the Council Tax premium should work as an incentive to bring homes back

into use and should not act as a barrier - [Bringing empty homes back into use: audit of privately owned empty homes - gov.scot \(www.gov.scot\)](#).

Both policies have been developed in partnership with Local Government through the Joint Working Group on Sources of Local Government Funding and Council Tax Reform, jointly chaired by COSLA. Local Government stakeholders have been consulted on the delivery of the legislation.

Impact Assessments

Impact assessment associated with the public consultation proposals were completed, and are available at the following link, [Non-domestic rates/Council Tax second and empty homes consultation: partial impact assessments - gov.scot \(www.gov.scot\)](#).

There are no specific impact issues associated with the delivery of these policies.

Financial Effects

A partial Business and Regulatory Impact Assessment (BRIA) associated with the public consultation proposals has been completed and is available at the following link, [Non-domestic rates/Council Tax second and empty homes consultation: business and regulatory impact assessment - gov.scot \(www.gov.scot\)](#).

Scottish Government
Directorate for Local Government and Housing

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