

Appendix Two: Council Tax Exceptions Second Homes

Sections 12A and 12B of the Local Government Finance Act 1992 as inserted by the Housing (Wales) Act 2014 provide Welsh Ministers with powers to make regulations to prescribe 1 or more classes of dwellings in relation to which a billing authority may not make a determination to apply a premium.

The regulations prescribe 7 classes of exempt dwellings. The classes of dwelling are outlined below.

Class 1: dwellings being marketed for sale.

This excepts dwellings that are being marketed for sale. It also covers dwellings where an offer to buy the dwelling has been accepted but the sale has not yet been completed.

To qualify for this exception a dwelling must be on the market for sale at a reasonable price for that dwelling. In considering whether a price is reasonable, regard should be given to the sale price of comparable dwellings in the area.

The exception period runs for up to 1 year from the granting of the exception. 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.

Class 2: dwellings being marketed for let.

This excepts dwellings that are being marketed for let. It also covers dwellings where an offer to rent has been accepted but the tenant is not yet entitled to occupy the property because the tenancy has not yet started.

To be eligible for this exception, a dwelling must be on the market for let at a reasonable rent, that is, the rent the property would be expected to fetch having regard to the rent raised on comparable dwellings.

The exception period runs for up to 1 year from the granting of the exception. After the end of the exception period, a dwelling being marketed for let will not be eligible for a further exception period unless it has been subject to a tenancy that was granted for a term of 6 months or more.

Class 3: annexes forming part of, or being treated as part of, the main dwelling.

This exception applies where an owner has adapted their dwelling to provide an annexe and the annexe is now being used as part of the main dwelling.

Class 4: dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation.

This exception applies to dwellings that would be a person's sole or main residence but which is unoccupied because that person resides in armed forces accommodation.

This exception is also intended to cover armed forces personnel whose homes are unoccupied because they are living in armed forces accommodation overseas.

Class 5: occupied caravan pitches and boat moorings

This exception covers dwellings that consist of a pitch occupied by a caravan or a mooring occupied by a boat where the caravan or boat currently has no resident, but when next in use will be a person's sole or main residence.

Class 6: seasonal homes or holiday lets where year-round or permanent occupation is prohibited.

This exception is applicable to dwellings that are subject to planning conditions that prevent occupancy for a continuous period of at least 28 days in any 12 month period.

This exception is often applied to purpose-built holiday homes or chalets which are subject to planning conditions restricting year-round occupancy or to protect local features, for example where the site is near a fragile habitat which requires protection at particular times of year.

The exception is based on the definition of the existing discretionary discount for seasonal homes (Class A) in The Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998.

From 1 April 2023, Class 6 is extended to include every dwelling restricted by a planning condition which:

- prevents occupancy for a continuous period of at least 28 days in any 1 year period
- specifies its use as a holiday let only
- prevents occupancy as a person's sole or main residence

Class 7: job-related dwellings

This exception to dwellings occupied by a person who is:

- a qualifying person in relation to the dwelling, but who is resident in another dwelling which is job-related (as defined in Schedule 1 to the Regulations)
- a qualifying person in relation to a job-related dwelling

A qualifying person is defined as:

- a person who is liable for council tax in respect of a dwelling on a particular day, whether or not jointly with another person
- a person who would be liable for the council tax in respect of a dwelling on a particular day, whether or not jointly with another person if that dwelling did not fall within Class O of the Council Tax (Exempt Dwellings) Order 1992 or Class E of the Council Tax (Liability for Owners) Regulations 1992

This exception applies where a person is required to reside in a job-related dwelling. It applies to a second home that is occupied periodically because a person is required to live in job-related accommodation elsewhere. It also applies where the job-related accommodation is a person's second home.

The definition of a job-related dwelling is given in the Schedule to the Regulations. Although this exception is similar to the job-related discount under the Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998, it differs because the discount only applies if the job-related dwelling is a person's sole or main residence.

Another difference from the job-related dwelling discount is that there is no requirement for the taxpayer to be liable for council tax in respect of 2 dwellings, meaning that a person who has either a main home abroad or a job-related dwelling abroad can also benefit from the exception.

Source: Welsh Government Guidance for local authorities on council tax premiums on long-term empty properties and second homes – March 2023