

PE2026/D: Eliminate Council Tax discounts for second homes and vacant properties

Scottish Government submission, 22 May 2024

The Scottish Government is grateful for the opportunity to contribute towards the Committee's consideration of this petition.

In April 2023, a joint public consultation with COSLA was published which sought views on giving local authorities the power to increase Council Tax on second homes and empty homes. This consultation closed on 11 July 2023. Further information on this consultation and the background to it can be found Tax changes for second and empty homes - gov.scot (www.gov.scot). The analysis of responses was considered carefully, and the majority of respondents supported the proposals for a second homes premium.

Legislation was introduced, on 19 December 2023, to give local authorities the power to charge a premium on second homes from 1 April 2024. The discretionary nature of these powers seek to empower local authorities to make decisions about the Council Tax treatment of second homes. Consequently, Councils can determine the balance in the use of housing to meet local needs.

We know that second homes can benefit local communities. However, they can also restrict the availability of local housing and increase costs for people who want to rent or buy their own home. The changes made by this legislation aim to ensure the tax system e prioritises homes for living in. Ultimately, decisions on local housing priorities are for local authorities to make based on the market conditions within their own area.

Therefore, local authorities are empowered to determine the charge on second homes. This could be a premium up to 100%, the standard Council Tax rate, or a discount of up to 50%.

The legislation ensures that someone purchasing a long-term empty home with the intention of renovating it will not pay the Empty Homes premium for 6 months.

The proposals for second homes premium and the grace period for new owners of empty homes were developed in partnership with local government.

Scottish Ministers are committed to considering the future of Council Tax. They have convened the Joint Working Group on Sources of Local government Funding and Council Tax Reform, which is co-chaired by Scottish Ministers and COSLA. This group is progressing the second phase of its work focused on longer-term reform.

I hope that you find this helpful.

Local Government and Housing Directorate