

Citizen Participation and Public Petitions Committee
Wednesday 11 September 2024
13th Meeting, 2024 (Session 6)

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

Introduction

Petitioner Sam McCahon

Petition summary Calling on the Scottish Parliament to urge the Scottish Government to amend the Local Government Finance Act 1992 to:

- eliminate Council Tax discounts for second homes and vacant properties
- make the property owner (rather than a tenant) liable for payment of Council Tax.

Webpage <https://petitions.parliament.scot/petitions/PE2026>

1. [The Committee last considered this petition at its meeting on 6 September 2023.](#) At that meeting, the Committee agreed to write to the Scottish Government, Shelter Scotland, and Citizens Advice Scotland.
2. The petition summary is included in **Annexe A** and the Official Report of the Committee's last consideration of this petition is at **Annexe B**.
3. The Committee has received new written submissions from Shelter Scotland and the Scottish Government, which are set out in **Annexe C**.
4. [Written submissions received prior to the Committee's last consideration can be found on the petition's webpage.](#)
5. [Further background information about this petition can be found in the SPICe briefing](#) for this petition.
6. [The Scottish Government gave its initial response to the petition on 23 May 2023.](#)
7. Every petition collects signatures while it remains under consideration. At the time of writing, 82 signatures have been received on this petition.

Action

8. The Committee is invited to consider what action it wishes to take.

Clerks to the Committee
September 2024

Annexe A: Summary of petition

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

Petitioner

Sam McCahon

Date Lodged

25 April 2023

Petition summary

Calling on the Scottish Parliament to urge the Scottish Government to amend the Local Government Finance Act 1992 to:

- eliminate Council Tax discounts for second homes and vacant properties
- make the property owner (rather than a tenant) liable for payment of Council Tax.

Previous action

I have contacted the following MSPs:

Kate Forbes (SNP) Cabinet Secretary for Finance and the Economy. I was directed to communicate my concerns with John Swinney.

John Swinney (SNP) Deputy First Minister. (No Response)

Ben Macpherson (SNP), Minister for Social Security and Local Government. He is also my constituency representative. (No Response).

I received a letter from the Local Government Ministry. They concurred with my assessment that the change to the City Council Tax Code would require action by the Scottish Parliament. They also provided information that the issues of alternatives to the City Council Tax had been discussed by a working group, but not this measure. They also stated that my proposal was timely.

Background information

Scotland is currently suffering from a housing crisis. There are insufficient residential properties available for rent and purchase. Tens of thousands of residential properties remain vacant or are used as holiday rentals by investors.

Eliminating Council Tax discounts for vacant homes and vacant properties will dramatically increase the number of properties available for rent and sale, and so should mitigate the housing crisis and enhance tax revenue. Enhanced payment of Council Tax will enable the city councils to provide essential services.

Moreover, making the property owner responsible for payment of Council Tax should reduce the extent to which councils lose revenue because of people being unable to pay. The city council tax is a tax upon the property, it is not a tax on services. Therefore, it is just and equitable that the owner of the property be responsible for payment of the property tax.

City councils are suffering from inadequate finances to provide essential public services. The primary cause for the shortfall in city council funding is the non-collection of Council Tax that is due. In Edinburgh alone, the number of residential properties in arrears for non-payment of Council Tax was:

2020—5,714
2021—8,342
2022—31,198

Annexe B: Extract from Official Report of last consideration of PE2026 on 6 September 2024

The Convener: PE2026, which was lodged by Sam McCahon, calls on the Scottish Parliament to urge the Scottish Government to amend the Local Government Finance Act 1992 to eliminate council tax discounts for second homes and vacant properties and to make the property owner, rather than a tenant, liable for payment of council tax.

The Scottish Government's response, which was provided in May, encouraged the petitioner to contribute to a public consultation on the council tax treatment of second homes and empty properties. The consultation closed in July. The Government submission stated that a joint working group on sources of local government funding and council tax reform has been convened and is considering targeted changes to council tax.

The petitioner makes the case for the property owner rather than the occupier to be liable for council tax, saying that that would promote justice and equity and reduce the cost of living for all residents in Scotland. The petitioner's view is that the council tax reduction scheme leads to significant revenue loss for councils and increases the burden on tenants and home owners who do not qualify for the means-based tax reduction. The petitioner believes that the existing approach is, in effect, subsidising property owners' investments. Do members have any comments or suggestions?

David Torrance: The committee could write to the Scottish Government to seek a summary response of the recent consultation on council tax for second and empty homes, request details of the future relevant work planned by the joint working group on sources of local government funding and council tax reform, and ask for the Government's view on making the property owner liable for payment of council tax in the light of the points that were raised in the petitioner's recent submission. The committee could also write to Citizens Advice Scotland and Shelter Scotland to seek their views on the actions that are called for in the petition.

The Convener: Colleagues, are we content to support those suggestions?

Members *indicated agreement.*

Annexe C: Written submissions

Shelter Scotland submission of 3 October 2023

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

Thank you for reaching out to us regarding this petition. As you will be aware, Shelter Scotland exists to defend the right to a safe home and fight the devastating impact the housing emergency has on people and society. We work in communities to understand the problem and change the system. We run national campaigns to fight for home.

The scale of the housing emergency we are currently facing is unprecedented. There are record numbers of children trapped in temporary accommodation, routine breaches of people's housing rights by local authorities, and a household becomes homeless in Scotland every 16 minutes. We cannot accept these circumstances as a new normal in Scotland.

We believe that local, Scottish and UK governments should be looking at all tools available to them to tackle this housing emergency. That includes the tax system, making better use of existing properties, as well as delivering the social homes we desperately need, in order to fix the broken and biased housing system that exists in Scotland and across the UK, and to ensure the human right to adequate housing is realised.

With regards to the specific petition, we unfortunately do not have a significant evidence base in order to respond fully. However, Shelter Scotland hosts the Scottish Empty Homes Partnership, which is funded by the Scottish Government, to co-ordinate national action to reduce the number of empty homes across the country. The Partnership responded to the government's recent consultation on council tax for second properties. The Partnership's consultation response is available for circulation if the Committee would find this helpful.

Scottish Government submission, 22 May 2024

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

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 at '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 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