

Household Analysis Review Group (HARG)

Impact Of Council Tax Changes on Empty Properties, for Household Statistics

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1. Summary

On 1st April 2013, the Scottish Government changed the way that Council Tax is payable on certain types of long-term empty properties (further information available within the [Housing](#) section of the Scottish Government (SG) website). Councils now have the opportunity to remove the Council Tax discount on these properties, or increase the amount of Council Tax payable. As our household estimates are based on information from Council Tax systems on the number of dwellings, and how many of them are empty or second homes, we are monitoring the possible impacts of this change.

2. Details of the changes

- Dwellings which are unoccupied and unfurnished for up to six months will still be exempt from paying Council Tax – this hasn't changed. Between six months and one year, they will get a discount of 10-50%, depending on the council. After a year, councils will now choose whether they issue either.
- A discount of up to 50% on unoccupied dwellings after a year; or
- unoccupied dwellings will be charged the same rates as the Council Tax payable on occupied dwellings; or
- unoccupied dwellings can be subject to an increase of up to 100% of their Council Tax.

After the six month exemption period, it does not matter if the property is furnished or unfurnished.

- These changes do not apply to second homes which will continue to receive a discount of between 10% and 50%.
- If someone is trying to sell or let their property, they are exempt from the Council Tax increases for up to two years from the date that the property became empty: following the six month whole Council Tax exemption (if the property is empty and unfurnished), they will pay Council Tax but will receive a discount of between 10% and 50%.
- Councils can choose which parts of their council area get discounts or increases, and so the charges can vary from region to region. Councils also have discretion to not impose an increase on a case-by-case basis.
- Councils will have to report on the number of dwellings in their area which are unoccupied, and on whether they are applying the Council Tax increase or not.
- Initially, we were concerned that people would stop reporting that their property was vacant, if it meant that they would pay more Council Tax as a result. However, they will receive the six month Council Tax exemption initially, and we feel that this should provide enough of an incentive for people to report their property as being vacant. Councils will then follow up on reporting properties which have been recorded as being vacant.

- We were also concerned that if councils adjusted the level of Council Tax so that the amount of Council Tax payable on empty properties was the same as for occupied properties, there would be no need for those councils to collect information on which properties are vacant. However, under the new system, councils will be required to report on the number of dwellings in their area which are unoccupied.
- Councils will have to identify a distinction between vacant properties and second homes now. Therefore, we will now be able to get this information from the three councils which did not do this in the past (Clackmannanshire, East Renfrewshire and Renfrewshire).
- The SG policy team leading on this work has been in touch with the Council Tax software suppliers regarding these changes, so they have already been informed.
- The main change to the definitions is the definition of second homes. In these Regulations:
 - an 'unoccupied dwelling' is a dwelling which is no one's sole or main residence, but which is not a second home; and
 - a 'second home' is a dwelling which is no one's sole or main residence, but which is furnished and in respect of which, during any period of 12 months, the person who is liable to pay the council tax that is chargeable can produce evidence to establish that it is lived in other than as a sole or main residence for at least 25 days during that period.
- This is a more precise definition than before, so it may have a small impact, but it is unlikely to be substantial.

3. Conclusion / Next Steps

We do not think that these changes will have much impact on the statistics that we collect, but we will monitor them in case there is an effect, particularly in the areas where they are changing the level of Council Tax payable on empty properties.

We will talk to colleagues in the SG local government statistics team about whether they are making any changes to the Ctaxbase data collection, and whether we need to make any changes to our data collection.

Note:

We welcome HARG members' views on whether these changes are likely to have an impact on our statistics, and whether there is anything else that we should do.