



Department for
Communities and
Local Government

Technical Reforms to Council Tax: when dwellings should not be liable to the empty homes premium

Summary of responses

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Any enquiries regarding this document/publication should be sent to us at:

Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 030 3444 0000

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Background

The Local Government Finance Act 2012 (the Act) supports the Government's commitment to delivering economic growth, decentralising control over finance and reducing the deficit. The Act allows local authorities to charge an Empty Homes Premium from 1 April 2013 to provide a stronger incentive to get homes back into productive use and remove the blight of such properties on local neighbourhoods. The premium may be up to 50 per cent of the council tax on dwellings that are unoccupied and unfurnished for two years or more.

It will be for individual billing authorities to design their own schemes for applying the Premium in their local area. As part of this, they will determine both the circumstances in which it may be charged, and the level at which it will be set.

The Act gives the Secretary of State the power to determine in regulations circumstances where the Premium may not be charged. On 28 September 2012, the Government published a consultation paper to seek views on proposals to define such circumstances. The consultation paper also set out that it is the Government's clear intention that dwellings that are exempt from council tax should/will not be liable to the empty homes premium.

In addition to dwellings exempt from council tax, the consultation paper sought views on proposals for three circumstances in which dwellings should not be liable to the empty homes premium. These are set out below:

- A dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service

The council tax system already recognises the particular circumstances of members of the armed forces who are absent from their homes as a result of their service. The Government therefore proposed that it would not be appropriate for the premium to be chargeable on a dwelling that is the sole or main residence of a member of the armed forces, where that person is absent from that dwelling as a result of their service.

- An annex deemed unoccupied because it is being treated by the occupier of the main dwelling, as part of that main dwelling

Under council tax rules, parts of a dwelling constructed or adapted for separate occupation (e.g. an annex) are treated as separate dwellings for the purposes of council tax. Each dwelling could, therefore, be potentially liable for the Premium. The Government proposed that the Premium should not be chargeable on a substantially unfurnished annex which is deemed unoccupied

because it is being treated by the occupier of the main dwelling as part of that main dwelling.

- A dwelling which is genuinely on the market for sale or letting

The Government proposed that the Premium should not be chargeable where owners are making genuine efforts to sell or let their properties.

The questions on which the consultation sought views were as follows:

Question 1: Do you agree with the Government's proposals on the circumstances in which property should not be liable to the empty homes premium?

Question 2: Do you consider that these circumstances should be set out in regulations?

Question 3: Are there any other circumstances in which property should not be liable to the empty homes premium, and why?

What respondents said and the Government's response

A dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service

Responses broadly supported this proposal and there was a strong preference for this to be set out in regulations. Those that disagreed thought that it was unclear whether this circumstance would be liable to the Premium in any event as it was thought that such dwellings would not be considered substantially unfurnished and unoccupied in these circumstances if owners were living in Armed Forces accommodation whilst serving away from home. However, depending on the circumstances, a billing authority may decide that the dwelling is an individual's main residence even if they are living away from home in service accommodation and there could be circumstances where the dwelling is substantially unfurnished.

The Government's response

The Government has carefully considered the responses and, given the broad support, will prescribe through secondary legislation that a dwelling in this circumstance will not be liable to the Premium.

An annex deemed unoccupied because it is being treated by the occupier of the main dwelling, as part of that main dwelling.

Responses were broadly in support of the proposal and the balance of views favoured prescribing for this circumstance in the secondary legislation. The main reason given for disagreement to the proposal was that an annex should not be treated any differently to any other empty property.

The Government's response

The Government has carefully considered the responses and, given the broad support, will prescribe through secondary legislation that a dwelling in this circumstance will not be liable to the Premium.

A dwelling which is genuinely on the market for sale or letting.

The Government proposed that the Premium should not be chargeable where owners are making genuine efforts to sell or let their properties. The majority of responses were from local authorities and they expressed strong concerns about this proposal - particularly if set out in regulations. The causes for concern included that it would prove difficult to administer, in particular assessing and monitoring which properties should be liable to the Premium.

The Government's response

The Government has carefully considered the concerns raised and has decided not to prescribe for this circumstance in the secondary legislation. However, the Government still believes that properties genuinely on the market for sale or letting should not be liable for the Premium and will instead issue guidance to help authorities reflect the state of the local housing market in their decision making process for administering the Premium.

The consultation also sought suggestions for any other circumstances in which property should not be liable to the Premium. There was no shared support for any of the suggestions put forward. Therefore, the Government do not intend to define any further circumstances in which dwellings should not be liable to the Premium.

Annex A: Respondents

Local Authorities	97
Organisations representing Local Authorities	4
Parish and Town Councils	2
Voluntary organisations	1
Other industry organisations	1
Other professionals	3