

COUNCIL TAX: REVIEW OF REGULATIONS ON DISCOUNTS FOR SECOND HOMES AND LONG TERM EMPTY PROPERTY

Responses to Consultation

1. On 1 December 2004 the Office of the Deputy Prime Minister issued a consultation paper seeking views on minor proposed changes to the regulations which allow local authorities in England to reduce the discount on council tax for second homes from 50% to a minimum of 10%, and to reduce or remove the 50% discount on long term empty properties. The proposed changes were restricted to the way in which the job related dwelling concession operates in respect of people who have their main home outside England.
2. In the light of the responses to the consultation, Ministers decided not to extend the job related concession but to amend the regulations so that the original policy intention - that the concession was retained where the main home is anywhere in Great Britain – was achieved. The regulations - The Council Tax (Prescribed Classes of Dwellings) (Amendment) (England) Regulations 2005/416 - came into force on 1 April 2005. They can be found at the following link:

<http://www.legislation.hmsso.gov.uk/si/si2005/20050416.htm>

3. The following provides a summary of the responses that ODPM received.

| Consultation Question 1 | | |
|--|--------------------------------|-----------------------------------|
| Should the regulations be amended to ensure that generally, the 50% second homes discount is retained in England where the main home is in Wales or Scotland (regardless of which home is job related)? | | |
| Support 24 | Not support 1 | No strong view 6 |
| Comments | | |
| This proposal was overwhelmingly supported. The following comments – which also apply to Questions 2 and 3 - are typical of those received: | | |
| The original intention was that the regulations would include all main homes in Great Britain. It is arguable whether this intention has been met and if the regulations remain unaltered it would be a matter for the courts to interpret. The regulations should, therefore, be amended, as set out in the questions, to fulfil the original intention and ensure unity of interpretation. | | |
| The only response not to support the proposal stated that their authority was against any extension to any exemption because: | | |
| ...in an area with serious housing problems due to high cost of homes and wages only being 70% of the national average, we need all the money we can get to help our deprived sectors of the community. | | |

Consultation Question 2

Should the regulations be amended in particular to ensure that the 50% second homes discount is retained in England where service personnel live in job related dwellings in Scotland?

| Support | Not support | No strong view |
|----------------|--------------------|-----------------------|
| 24 | 1 | 6 |

Comments

This proposal was supported for the same reasons as given in Question 1. The same respondent that did not support the proposal in Question 1 did not support this proposal.

Consultation Question 3

Should the regulations be amended in particular to ensure that the 50% second homes discount is retained in England where a Minister of Religion's job related dwelling is in Scotland?

| Support | Not support | No strong view |
|----------------|--------------------|-----------------------|
| 24 | 2 | 5 |

Comments

This proposal was also supported for the same reasons as given in Question 1. As well as the respondent that did not support the proposal in Questions 1 and 2, a further respondent did not support this proposal. A reason was not given.

Consultation Question 4

Should the job related concession be extended generally to include dwellings in Northern Ireland, (regardless of which dwelling is job-related)?

| Support | Not support | No strong view |
|----------------|--------------------|-----------------------|
| 11 | 13 | 7 |

Comments

The majority of respondents felt strongly that the concession should not be extended generally to Northern Ireland. One authority responded in the following terms:

No – ODPM should retain the logical stance that Council Tax should be

payable in both locations for the concession to apply. The job related concession therefore should only be given if the dwelling is in Scotland or Wales and so subject to Council Tax. Extending the concession to Northern Ireland would make administering the system yet more complex with regard to ascertaining evidence of the council tax payer's residency in the Province.

One authority's response - which was typical of the responses that supported the proposal - stated the following:

Yes. Although Council Tax is not payable in Northern Ireland this concession should be available throughout the UK.

Consultation Question 5

Should the job related concession be extended in particular to include job related dwellings in Northern Ireland?:

1. For Ministers of Religion
2. For service personnel

| Support | Not support | No strong view |
|--|--------------------|-----------------------|
| 13 both 1 Ministers of Religion | 11 | 6 |

Comments

The Churches Main Committee stated:

With regard to Question 5, we are not aware of any cases in which a Minister of Religion who serves in Northern Ireland has a second home in England. But we believe that the argument for a 50% discount applies equally whether the vicarage or manse is in Northern Ireland or elsewhere in the UK. We recognise that Northern Ireland differs from other parts of the UK in that Council Tax is not paid there, but we do not consider that this should invalidate the case for a 50% discount.

The reason given by the respondents that did not support this proposal was again the fact that Council Tax should be payable on both properties.

Consultation Question 6

Should the job related concession be extended generally to include dwellings in other specific places/everywhere outside the UK (regardless of which dwelling is job-related)?

| Support | Not support | No strong view |
|----------------|--------------------|-----------------------|
| 2 | 21 | 8 |

Comments

There was almost universal opposition to this proposal. One authority stated :

The administration and collation of establishing the job-related dwelling outside of Great Britain would be extremely difficult.

The respondents who supported the proposal argued that it would be unfair if the concession applied in Great Britain but not anywhere else.

Consultation Question 7

Should the job related concession be extended in particular to include job related dwellings in other specific places/everywhere outside the UK?:

- 1 For Ministers of Religion
2. For service personnel

| Support | Not support | No strong view |
|---|--------------------|-----------------------|
| 4 both 2 Service Personnel 1 Ministers of Religion | 17 | 7 |

Comments

The vast majority of respondents thought that the concession should not be extended to outside the UK for Ministers of Religion and service personnel.

The Churches Main Committee supported the extension of the concession to anywhere outside the UK but were content for it to be extended only to the Diocese of Europe (which includes Turkey, Morocco and the Asian countries of the former Soviet Concession) or just the continent of Europe.

The Proposal was also supported by a few other respondents.