

**Isle of Wight Council
Council Tax
Policy for Second Homes, Long Term Empty Properties and
determining discounts for certain dwellings**

Policy for Second Homes, Long Term Empty Properties and determining discounts for certain dwellings	1
1.0 Introduction	3
2.0 Legislation	3
Second Homes and Discounts replacing the previous Class A and Class C Exemptions	3
Long term Empty Properties.....	5
3.0 The Council’s Policy effective from 1 st April 2019.....	6
4.0 Publication of the changes.....	7

1.0 Introduction

- 1.1 The Local Government Finance Act 2012 and the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 amend the Local Government Finance Act 1992 allowing local discretion over the implementation of certain discounts and charges applied within the Council Tax regime.
- 1.2 The changes in legislation require the Council to determine the levels of discounts in respect of:
- second homes;
 - dwellings which are unoccupied and substantially unfurnished; and
 - dwellings which are unoccupied, substantially unfurnished and in need of major repair.
- 1.3 Each of these are examined in detail within this policy.

2.0 Legislation

Second Homes and Discounts replacing the previous Class A and Class C Exemptions

- 2.1 Amendments were to the legislation from 1st April 2013 in respect of second homes and the replacement of the previous Class A and Class C exemptions (granted under the Council Tax (Exempt Dwellings) Order 1992). The amendments were made by the Local Government Finance Act 2012 which inserts amendments to the Local Government Finance Act 1992.
- 2.2 The Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012 removes the existing Class A and Class B with effect from 1st April 2013. The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 which amend the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, set down six prescribed classes of dwelling which can be subject to a resolution of the Council. The classes are as follows:

Class A - a dwelling;

- (a) which is not the sole or main residence of an individual;
- (b) which is furnished; and
- (c) the occupation of which is restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year;

Class B - a dwelling;

- (a) which is not the sole or main residence of an individual;
- (b) which is furnished; and
- (c) the occupation of which is **not** restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year;

Class A and Class B shall **not** include any dwelling, which consists of a pitch occupied by a caravan, or a mooring occupied by a boat or any dwelling:

- (a) where a qualifying person in relation to that dwelling is a qualifying person in relation

- to another dwelling which for him is job-related; or
- (b) which for a qualifying person is job-related where that person is a qualifying person in relation to another dwelling.

Class C - a dwelling:

- (a) which is unoccupied;
- (b) which is substantially furnished; and
- (c) the occupation of which is **not** restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year;

Class D - a dwelling:

- (a) which satisfies the requirement set out in paragraph (b) unless it has been such a dwelling for a continuous period of twelve months or more ending immediately before the day in question;
- (b) the requirement referred to in paragraph (a) is that the dwelling is vacant and;
- i. requires or is undergoing major repair work to render it habitable; or
 - ii. is undergoing structural alteration; or
 - iii. has undergone major repair work to render it habitable, if less than six months have elapsed since the date on which the alteration was substantially completed, and the dwelling has continuously remained vacant since that date;

for the purposes of paragraph b above 'major repair work' includes structural repair work.

Class E – a dwelling which:

- (a) is the sole or main residence of an individual where that individual is a qualifying person in relation to another dwelling provided by the Secretary of State for Defence for the purposes of armed forces accommodation, and which for that individual is job-related; or
- (b) would be the sole or main residence of an individual if that individual were not a qualifying person in relation to another dwelling provided by the Secretary of State for Defence for the purposes of armed forces accommodation, and which for that individual is job-related.

Class F – a dwelling:

- (a) which forms part of a single property which includes at least one other dwelling; and
- (b) which is being used by a resident of that other dwelling, or as the case may be, one of those other dwellings, as part of their sole or main residence.

2.3 Classes A and B relate to second homes as defined by the legislation, where a discount of 10% was previously given but from 1st April 2013 the discount can be reduced to 0%. It should be noted that caravans, houseboats and job-related dwellings are treated separately and continue to receive a 50% discount as defined within the 2003 regulations.

2.4 Class C relates to unoccupied and substantially unfurnished dwellings, which were (up to 1st April 2013) subject to an exemption for 6 months but which from 1st April 2013

the Council can decide on any level of discount (from 0% to 100%) and also determine the period for which the discount can apply

- 2.5 Class D replaces the previous Class A exemption (for unoccupied, unfurnished dwellings that require major repair). These were previously exempt for up to twelve months. From 1st April 2013, the Council can decide the level of discount available but has **no** discretion of the period for which the discount can be granted.
- 2.6 Classes E and F are specified as being exempt from any Empty Homes Premium (specified below). The Council has **no discretion** in this area

Long term Empty Properties

- 2.7 For long-term empty premises, the legislation (Local Government Finance Act 1992) has been amended by both the Local Government Finance Act 2012 and the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to allow for a ‘premium’ to be added to any existing charge based on classes of premises defined by the local authority.
- 2.8 Section 11b of the Local Government Finance Act 1992 has been inserted as follows;

11B Higher amount for long-term empty dwellings: England

(1) For any financial year, a billing authority in England may by determination provide in relation to its area, or such part of its area as it may specify in the determination, that if on any day a dwelling is a long-term empty dwelling—

- (a) the discount under section 11(2)(a) shall not apply; and*
- (b) the amount of council tax payable in respect of that dwelling and that day (“the relevant day”) shall be increased by such percentage of not more than “the relevant maximum as it may so specify.*

(1A) For the financial year beginning on 1 April 2019 the “relevant maximum” is 100.

- (1B) For the financial year beginning on 1 April 2020 the “relevant maximum” is—*
- (a) in respect of any dwelling where the period mentioned in subsection (8) ending on the relevant day is less than 5 years, 100;*
 - (b) in respect of any dwelling where the period mentioned in subsection (8) ending on the relevant day is at least 5 years, 200.*

- (1C) For financial years beginning on or after 1 April 2021 the “relevant maximum” is—*
- (a) in respect of any dwelling where the period mentioned in subsection (8) ending on the relevant day is less than 5 years, 100;*
 - (b) in respect of any dwelling where the period mentioned in subsection (8) ending on the relevant day is at least 5 years but less than 10 years, 200;*
 - (c) in respect of any dwelling where the period mentioned in subsection (8) ending on the relevant day is at least 10 years, 300.*

(2) The Secretary of State may by regulations prescribe one or more classes of dwelling in relation to which a billing authority may not make a determination under this section.

(3) A class of dwellings may be prescribed under subsection (2) by reference to such factors as the Secretary of State thinks fit and may, in particular, be prescribed by reference to—

- (a) the physical characteristics of, or other matters relating to, dwellings;
- (b) the circumstances of, or other matters relating to, any person who is liable to the amount of council tax concerned.

(4) Where a determination under this section has effect in relation to a class of dwellings;

- (a) the billing authority may not make a determination under section 11A(3), (4) or (4A) in relation to that class, and
- (b) any determination that has been made under section 11A(3), (4) or (4A) ceases to have effect in relation to that class.

(5) A billing authority may make a determination varying or revoking a determination under this section for a financial year, but only before the beginning of the year.

(6) A billing authority which makes a determination under this section must publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination.

(7) Failure to comply with subsection (6) does not affect the validity of a determination.

(8) For the purposes of this section, a dwelling is a “long-term empty dwelling” on any day if for a continuous period of at least 2 years ending with that day—

- (a) it has been unoccupied, and
- (b) it has been substantially unfurnished.

(9) In determining for the purposes of this section whether a dwelling has been unoccupied for any period, no account is to be taken of any one or more periods of not more than 6 weeks, or such longer period as the Secretary of State may by regulations specify, during which it was occupied.”

3.0 The Council’s Policy effective from 1st April 2019

3.1 The Isle of Wight Council will take full advantage of the powers within the legislation and has resolved to make the following changes to the Council Tax levied;

Class / Type of dwelling	Discount from 1 st April 2019
A	0% discount
B	0% discount
C (dwelling which has been unoccupied and substantially unfurnished for a period of at least two years)	0% discount. In addition, the Council has resolved: (a) From 1st April 2019 , to charge an empty homes premium of 100% in addition to the full Council Tax charge, as allowed within Section 11b of the Local Government Finance Act 1992 where the dwelling has been unoccupied and substantially

Class / Type of dwelling	Discount from 1 st April 2019
	<p>unfurnished for a period of at least two years (at that date)</p> <p>(b) From 1st April 2020, to charge an empty homes premium of:</p> <ul style="list-style-type: none"> i. 100% in addition to the full Council Tax charge, as allowed within Section 11b of the Local Government Finance Act 1992 where the dwelling has been unoccupied and substantially unfurnished for a period of at least two years but less than five years (at that date); and ii. 200% where the dwelling has been unoccupied and substantially unfurnished for a period of at least five years; <p>(c) From 1st April 2021, to charge an empty homes premium of:</p> <ul style="list-style-type: none"> i. 100% in addition to the full Council Tax charge, as allowed within Section 11b of the Local Government Finance Act 1992 where the dwelling has been unoccupied and substantially unfurnished for a period of at least two years but less than five years (at that date); and ii. 200% where the dwelling has been unoccupied and substantially unfurnished for a period of at least five years but less than ten years; and iii. 300% where the dwelling has been unoccupied and substantially unfurnished for a period of at least ten years
D	0% discount
E	Dwellings in Class E will not be charged the Empty Homes Premium
F	Dwellings in Class F will not be charged the Empty Homes Premium

4.0 Publication of the changes

- 4.1 The Council, in accordance with the legislation, will publish the changes to the Council Tax regime within 21 days of making this resolution.