



To: Local authorities in England - For the attention of the Council Tax section

From: Local Taxation Division, Department for Levelling Up, Housing and Communities ([council.tax@levellingup.gov.uk](mailto:council.tax@levellingup.gov.uk))

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Government's response to the consultation on proposals to exempt categories of dwellings from the council tax premiums in England

Under section 11B, 11C and 11D of the Local Government Finance Act 1992 (as amended or inserted by the Levelling Up and Regeneration Act 2023) councils can apply the long-term empty homes premium on dwellings unoccupied and substantially unfurnished for one year, rather than two. Councils will also have the power to introduce a new discretionary council tax premium of up to 100% on dwellings occupied periodically (often referred to as "second homes premium"). Councils will have the power to choose whether to apply the premiums to their local area or parts of their local area and determine the appropriate level of the premium (as long as it is below the statutory maximum threshold).

The strengthened empty homes premium will come into effect from April 2024. There is a requirement that councils must make a determination at least one year in advance of introducing a second homes premium. The earliest a council can utilise the second homes premium is therefore April 2025. The Act also contains provision to enable the Secretary of State to make regulations to exempt certain classes of property from the council tax premiums.

To ensure that the measures are effective, the government published a [consultation on 6 July 2023](#) seeking views on circumstances where it may not be appropriate for these premiums to apply. The government has published its [response to the consultation, which can be found here](#).

This letter summarises the government's response to the consultation and confirms that the government will legislate to bring the exceptions into effect before the 2025-26 financial year and issue guidance in due course.

## Exceptions to both the empty and second homes council tax premiums

- **Properties undergoing probate:** The government will legislate to ensure that inherited properties will have a 12-month exception from the empty and second home premiums after probate or letters of administration have been granted. The property will be liable for the standard rate of council tax once the class F exemption has ended; but a premium cannot be levied for a 12-month period. Where there are cases that merit a longer exception period, or a higher level of discount, councils can continue to exercise their discretion.
- **Properties being actively marketed for sale or let:** The government will legislate to ensure that a 12-month exception to both the empty and second home premiums applies to properties that are actively marketed for sale or let. The exception would run from when the exception first applies until the end of the exception period or until the property is no longer actively marketed, sold, or let (whichever is sooner).

## Exceptions to the empty homes premium only

- **Empty properties undergoing major repairs:** The government will legislate so that properties undergoing major repairs or structural alternations will have a 12-month exception from the empty homes premium.



## Exceptions to the second homes premium only

- **Annexes forming part of, or being treated as part of, the main dwelling:** The government will legislate to introduce an exception to the second homes premium for annexes which form part of a single property which includes at least one other dwelling. The exception will not apply to annexes where they are not being used as part of the main residence.
- **Job related dwellings:** The government will legislate to introduce an exception to the second homes premium for job-related dwellings. This exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintain their previous address.
- **Occupied caravan pitches and boat moorings:** The government will legislate so that a pitch occupied by a caravan and a mooring occupied by a boat are an exception to the second homes premium.
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified use:** Where properties have planning restrictions or other conditions on occupation or use in place which prevent year-round occupation, the government will legislate so that such properties are an exception to the second homes premium.

During the consultation exercise several councils noted that they have existing exceptions in place that may be more generous than those proposed in the consultation or that may apply to different classes of property. The government would like to assure councils that they are free to continue to exercise their powers to offer discretionary discount where circumstances merit it.

In May 2013, the government [published guidance](#) which stated that: “The government’s intention behind the decision to provide billing authorities with the power to charge a premium was not to penalise owners of property that is genuinely on the housing market for sale or rent.” The government would encourage councils to consider whether it would be appropriate to make use of their discretionary powers.

The premiums are intended to be used as a tool to help address the impacts of second and empty homes. The premiums are not intended to penalise owners of properties that may be difficult to sell (for example, retirement properties) or properties that are empty due to their particular use, for example, temporary accommodation for a specific use owned by a charity, registered provider, or local authority (such as domestic violence refuges or emergency housing). The government encourages councils to consider whether it would be appropriate to subject such properties to these premiums, depending on the circumstances.