



Welsh Property been moved from Business Rates to Council Tax?

What's been happening?

Some properties that didn't meet the 252 days available for holiday let and 182 days actually let criteria for the 2022-23 financial year have been moved from business rates ("BR" but also known as Non-Domestic Rates) onto council tax ("CT"). Properties have been backdated onto CT from 1 April 2023.

It is the Valuation Office Agency (VOA), who assess whether property should be on BR or CT. If the VOA don't have enough information on the property's bookings since April 2023, they have been put on CT for all subsequent financial years (i.e. 2023-4, 2024-5 and 2025-6).

For some owners, this has led to bills with three years worth of CT plus the 2nd homes premium (where it applies).

It is important to reply to any request for information that you receive from the VOA.

But the thresholds didn't change until 1 April 2023 – why are they applying new thresholds to 2022-3?

The increase in the thresholds from 140 days available and 70 days let to 252 and 182 apply to assessments made from 1 April 2023.

So from that date, the test in those assessments is, in the 12 months previously, was the property available for holiday let for 252+ days and actually holiday let for 182+ days.

The Valuation Office Agency (VOA) has assessed lots of properties to see what the position was on 1 April 2023.

On that date, the 12 months previously is 1 April 2022 to 31 March 2023. Properties that only met the old 140/70 thresholds (and not the new 252/182 ones) on 1 April 2023 looking back 12 months, can be moved back to council tax as from 1 April 2023.

Unreasonable?

Yes, we believe the legislation is unreasonable and unfairly retrospective because owners needed to be accumulating extra days let from April 2022 but the increase to 252/182 only became law in Summer 2022.

We have made this point repeatedly both to the Welsh Government and to the VOA (asking them to consider fairly when they assess) but with no joy.

We are working with the VOA to:

- Get them to triage cases where owner has shown their property has reached 182 days since April 2023,
- Get them to urge councils to put cases on hold when an owner is querying a VOA decision (given the backlogs with VOA processing),
- Put pressure on the Welsh Government to make the legislation simpler because its complexity is causing VOA backlogs,
- Make their own forms shorter and digital,
- Highlight cases where owners have been put on council tax for three years to now despite having since met 182 days.

We also continue to lobby the Welsh Government, alongside the Professional Association of Self-Caterers (PASC) and others, for the 182 threshold to be lowered and we believe we are being listened to and are hopeful it may be lowered soon.

What can you do?

If your property has been moved onto council tax with effect from 1 April 2023, it should be moved back onto business rates as from the first date on which, looking back 12 months, the property has been available for 252 days and let for 182.

Here's an example:

1 Apr 2022 – 1 Apr 2023 property available for 300 days but only let for 160.

25 Apr 2022 – 25 Apr 2023 it was available 300 and let for 176.

4 May 2022 – 4 May 2023 it was available for 300 and let for 181

5 May 2022 – 5 May 2023 it was available for 300 and let for 182.

So 5 May 2023 was the first date that both the 252 and 182 thresholds were met:

As you can see, if the property had a lot of bookings taking place soon after 1 April 2023 (compared with the same period in 2022), that date of re-qualifying for BR might be quite soon after.

You should notify the VOA. You could use this very short [form](#) and send evidence of the property's bookings (we can provide evidence of those you received through us).

Then your property should be put back onto BR as from the first date your property met both the new thresholds (in the example above it was 5 May 2023 - so it would have been on CT for just six weeks).

The VOA will notify your council of the backdating and the council will reissue bills, which may involve reimbursement, if applicable.

The VOA have long backlogs and so you might need to chase them by phone and email and phone your local council to explain the situation and ask them to put your property's CT case on hold in meantime or at least allow small payments each month.

Disclaimer: Sykes and its Brands ("Sykes") can't advise you on, and isn't responsible for, tax matters in relation to your holiday let. The above shouldn't be taken as tax advice. It is intended as a prompt of the issues, a starting point only, for further consideration and Sykes will not be held liable for any loss suffered as a result of reliance on it. You can read into this matter further and seek your own advice from a tax advisor as and when you feel it's needed.