POLICY NOTE
THE COUNCIL TAX (DWELLINGS AND PART RESIDENTIAL SUBJECTS) (SCOTLAND) AMENDMENT REGULATIONS 2025

SSI 2025/249

The above instrument is made in exercise of the powers conferred by sections 72(4), 73(5) and 113(1) and (2) of the Local Government Finance Act 1992 and all other powers enabling them to do so. The instrument is subject to the negative procedure.

These regulations amend the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992. They enable evidence of letting or intention to let a property as self-catering holiday accommodation, in relation to the financial year 2023-2024, to be sent to the assessor at any time from 4 November 2025 and before 6 December 2025; or during the same period, for a request to be made to the assessor to consider evidence the assessor already may hold for that year.

The regulations require the assessor to consider whether the evidence is sufficient to confirm that the property can be classed as self-catering holiday accommodation and entered on the valuation roll (making it liable for non-domestic rates). The assessor may request further information where the evidence is not considered sufficient.

Finally, the regulations clarify the action to be taken by assessors where evidence is not provided within the prescribed timeframes, or is insufficient to demonstrate the requirements for classification as self-catering holiday accommodation have been met in the financial year 2023-24.

Policy Objectives

The intention of these regulations is to address a particular issue which has arisen in relation to the financial year 2023-24 where the requirements to be classed as self-catering holiday accommodation liable for non-domestic rates may have been met but evidence was not provided to the assessor, or was not provided within the prescribed timescales for the assessor to be able to consider it.

The regulations introduce a time-limited opportunity for self-catering holiday accommodation providers to submit to the assessor, within a prescribed period, evidence of meeting the letting requirements in the financial year 2023-24 (that is, evidence that the accommodation was available for letting for 140 nights or more, and actually let for a period of at least 70 of those nights). Such evidence must be sent to the assessor no earlier than 4 November 2025 and before 6 December 2025 in order for the assessor to be required to consider it, alongside any evidence of letting which they already hold for that property, and to determine whether the property is classed as self-catering holiday accommodation liable for non-domestic rates for the financial year 2023-24.

Within that same time period, self-catering holiday accommodation providers may alternatively request assessors to consider any evidence of letting which the assessor may already hold for their particular property for the financial year 2023-24. This can include both

evidence which the assessor has already considered, and evidence which the assessor was previously precluded from considering, because it was sent after the deadline provided for in regulation 5A of the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992. A request must be sent to the assessor before 6 December 2025.

The regulations require assessors to consider evidence sent to them between 4 November and 5 December 2025 (inclusive), along with any evidence they may already hold for that property for 2023-24, whether or not they have already been able to consider it. Where the evidence is considered insufficient, the assessor may request further information, which must be supplied within 14 days, beginning with the day the request is sent.

Where no evidence is submitted under these regulations between 4 November and 5 December 2025 (inclusive), and a request has been made before 6 December 2025, assessors must re-consider any evidence previously supplied in accordance with regulation 5A of the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992, and consider for the first time any evidence previously sent but which could not be considered because it was sent after the deadline provided for in regulation 5A of the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992.

In the interests of transparency, the regulations clarify the action which will be taken by assessors where evidence is not sent within the prescribed timeframes, or is not considered to be sufficient. The property will be considered as not being self-catering holiday accommodation liable for non-domestic rates, and will be classed as a dwelling liable for council tax.

This is a one-off transitional arrangement in respect of the financial year 2023-24, in acknowledgement of issues which have arisen following the introduction, with effect from 1 April 2024, of a statutory deadline to respond to assessor requests for information and where the requirements to be classed as self-catering holiday accommodation liable for non-domestic rates may have been met but evidence was not provided to the assessor, or was not provided within the prescribed timescales for the assessor to be able to consider it. It does not apply to evidence for any other financial year.

Background

To be classed as self-catering holiday accommodation liable for non-domestic rates, the accommodation must be available to let for 140 nights or more in a financial year, and actually let for at least 70 of those nights.

These requirements were introduced with effect from 1 April 2023 following a recommendation by the 2017 independent Barclay Review of non-domestic rates to counter a known avoidance tactic for second homes, owners or occupiers of self-catering properties. Assessors can request evidence of the intention to let, or of actual letting, or both, to determine whether the requirements are met.

To provide clarity to self-catering accommodation providers, the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992 were amended with effect from 1 April 2024, to introduce a deadline for providing evidence in response to an information request from assessors. The evidence requested must be sent within 56 days of the day the request for evidence is sent, or within 56 days of the end of the financial year to which the

evidence relates, whichever is the later, failing which the assessor will deem the property to be a dwelling, liable for Council Tax, and will remove it from the valuation roll.

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024, the Scottish Ministers certify that, in their view, the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Amendment Regulations 2025 is compatible with the UNCRC requirements as defined by section 1(2) of the Act.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

Consultation

There is no statutory obligation to consult on these Regulations.

Impact Assessment

A Business and Regulatory Impact Assessment and a Child Rights and Wellbeing Impact Assessment and Statement of Compatibility have been completed for these regulations.

Financial Effects

This policy will benefit self-catering holiday accommodation which met the requirements to be classed as such for the financial year 2023-2024 and therefore liable for non-domestic rates but evidence was not provided to the assessor, or not provided within the prescribed timescales so as to allow the assessor to consider the evidence.

As at 1 April 2023 there were 18,440 properties across Scotland classed as self-catering holiday accommodation on the valuation roll, and it is estimated that only around 5% of self-catering properties on the valuation roll may be impacted by the issue. Some of these properties may not have met the requirements or have changed use, and it will be for self-catering holiday accommodation operators impacted to submit evidence in relation to 2023-24 to assessors within the specific time period, or to request within that same period that any evidence assessors may already have for 2023-24 be considered.

The majority of self-catering holiday accommodation classed non-domestic receives 100% Small Business Bonus Scheme relief. As at 1 June 2024, 84% of all self-catering accommodation units on the valuation roll were in receipt of Small Business Bonus Scheme relief. More than three quarters of self-catering properties on the valuation roll received 100% relief (or any combination of reliefs) and paid no rates, with a value of £22 million.

Where a property is removed from the valuation roll, it will be liable for council tax. Based on the number of self-catering properties removed from the valuation roll in 2023, a broad estimate for council tax worth is around £4 million. This estimate includes however properties where the use of the property has changed or where a property did not meet the requirements in 2023-24 to be classed as self-catering holiday accommodation liable for non-domestic rates.

Scottish Government
Local Government Directorate