LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE
CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL
SUBMISSION FROM ASSOCIATION OF SCOTLAND’S SELF-CATERERS

The response on behalf of the Association of Scotland’s Self-Caterers will pertain directly to Section 5 – “intended as a measure to address a perceived “loophole” that enables owners of holiday homes to avoid both council tax and non-domestic rates by making it more difficult to enter a home on the roll and, through this, to then claim relief under the small business bonus scheme.”

Self-catering and short-term letting sits between domestic housing and commercial, and indeed our sector is defined in both camps, depending on who is defining us. If a property is available for let for under 140 days, it falls within the Council Tax system; if it is available for let for over 140 days, the property falls into the business rates scheme.

The Barclay Review identified an avoidance tactic used by some property owners to avoid payment of council tax on second homes is to claim that the property has moved from domestic use (liable for council tax) to non-domestic use as a self-catering property (and liable for non-domestic rates). An application is made for SBBS (Small Business Bonus Scheme) and no rates are payable so the contribution to local services becomes zero.

Currently, the criteria to switch from the domestic to non-domestic use is loose and only requires an intention to let out the property. To counter this avoidance tactic, Barclay recommended that:

To counter a known avoidance tactic for second homes, owners or occupiers of self-catering properties must prove an intention to let for 140 days in the year and evidence of actual letting for 70 days.

The ASSC welcomes this recommendation and proposes that it applies to all short-term let operators, regardless of their model of operation.

However, the ASSC contend that there must be an option for local discretion in application of the policy as there may well be factors beyond the owners control that prevent actual letting.

This could include but may not be limited to: extensive flooding (as witnessed last year); a fire in a nearby property (for instance, the recent incident at Glasgow School of Art); damage to an access bridge; or some problem with water main or sewer replacement.
In addition, rurality must be taken into account. With many of our members operating self-catering properties in rural areas, it should not be forgotten that many parts of the countryside were closed off due to the effects of Foot and Mouth Disease, and individuals should not be penalised by such unfortunate events outwith their control.