

Council Tax charges on empty properties and second homes



1. Introduction

This leaflet sets out the Council's policy on the level of Council Tax charges applied to empty properties and second homes.

2. What is an empty property?

For Council Tax purposes the definition of an empty property is "a property that is no one's sole or main residence and is not a second home". This includes both furnished or unfurnished properties.

2.1. Can I get a discount on an empty property?

You can apply for a Council Tax discount of 10%, which will last for up to 12 months from the date the property was last occupied. The discount will not apply to any water or waste water charges. If your property is a new build property, and has never been occupied, you can still apply for a discount of 10%.

2.2 Surcharge of 100% after 12 months since last occupation

From 1 October 2019, once a period of 12 months has passed since the property was last occupied, a Council Tax surcharge of 100% will become payable. For example, if the full Council Tax on the property is £1,000 per annum you will be liable to pay £2,000 per annum. The surcharge will not apply to any water or waste water.

2.2.1 Why is a surcharge of 100% being applied after 12 months?

The Scottish Government has given local authorities the power to apply a surcharge to encourage owners to bring empty properties back into use and to increase the supply of housing.

2.2.2 Instances where the 100% surcharge will be delayed

There are instances where the surcharge will be delayed and the standard empty property discount of 10% will remain in place, for a limited period, as follows:

- An empty property that is being genuinely marketed for sale or let at a realistic market price will be exempt from any additional surcharge of up to 100% until the property has been on the market for one year. This will also apply to a new build property that has never been occupied.
- There is also a list of additional discretionary circumstances where the surcharge may be delayed. Please refer to Appendix 1 of this document for more details.

2.3 Can I get exemption on an empty property?

Some empty properties may qualify for an exemption and do not have to pay Council Tax for a period of time. A summary of such exemptions is shown at Appendix 2 to this document and more details, including how to apply, can be found on the

Council's website at <http://www.orkney.gov.uk/Service-Directory/C/Council-Tax---Exemptions.htm>

2.4 Getting advice to bring an empty property back into use

Advice on all aspects of getting an empty home back into use can be found on the Council's website at <http://www.orkney.gov.uk/Service-Directory/H/empty-homes.htm>. A great starting point is the Orkney Empty Homes Advice Pack. If you want any further information or advice regarding empty homes, please contact the Development and Empty Homes Officer, on 01856873535 extension 2193, or by e-mail rachael.batty@orkney.gov.uk

3. What is a second home?

For Council Tax purposes the definition of a second home is a property that is “no ones’ sole or main residence but is furnished and evidence is produced to establish that it is lived in for at least 25 days during any 12 month period”.

3.1. Can I get a discount on a second home?

There are a small number of second homes that are entitled to receive a discount of 50%. From 1 April 2019, this includes a second home where a person’s sole or main residence in Orkney is separated from their place of work by a body of water, the transport provision over which does not permit daily commuting between their sole or main residence and their place of work, and they occupy a second home in Orkney to enable them to maintain that employment. More information, and details of how to apply, can be found on the Council's website at <http://www.orkney.gov.uk/Service-Directory/C/Council-Tax---Reduction.htm>

From 1 April 2023, there are no other discounts available for second homes. The onus is on property owners to prove that the property is a genuine second home and is lived in for at least 25 days in any 12 month period.

3.2. Are second homes subject to a surcharge of 100%?

The Scottish Government has given local authorities the power to apply a surcharge to encourage owners to bring these back into use, by either selling or renting out their properties.

From 1 April 2024, a 100% surcharge will become payable. This will show on the bill as Second Home Premium.

4. Finding out more

- Contact the Council Tax Section, Orkney Islands Council, Council Offices, Kirkwall, Orkney, KW15 1NY.
- Telephone: 01856873535 Extension 2133
- Email: revenues@orkney.gov.uk

Document date – February 2023

Appendix 1 – Council discretion to delay 100% surcharge on an empty property

From 1 October 2019 the Council has the discretion to not charge the Council Tax increase of up to 100% where the property has been empty for more than 1 year. The Council's policy may apply in the following circumstances and is time limited.

- Where the owner is finishing renovations prior to moving in/selling/letting and can demonstrate that these works are progressing – discount of 10% to remain in place for period not exceeding one year from the date renovations began, although the time limit can be extended by up to one year when there are delays in the process, for example obtaining Planning Permission or Building Warrants.
- A long-term second home where the owner is unable to meet the 25 day occupancy criteria in the previous 12 months due to personal circumstances, but where a history of 25 day occupancy can be shown in previous years.
- An empty property that has been unoccupied for more than 1 year and has been purchased or inherited by a new owner and requires major repair work (this does not apply to routine decoration) to bring the property back into use – delay of up to 1 year before applying surcharge of up to 100%, but also allow extension of a further year if there have been delays in the process, for example in obtaining Planning Permission or Building Warrants.
- An empty property, the estate of which remains in the name of an Executor, but the Council Tax exemption period has ended - allow 10% discount for up to 1 year before applying surcharge of up to 100%.
- An empty property which was previously the sole or main residence of a person who died in a hospital, care home, nursing home or other care setting. The introduction of the additional surcharge may be delayed by up to one year from the date of death.
- Having due regard to Orkney's isles communities and the demand for housing, empty properties situated in the North and South Isles (excluding Burray and South Ronaldsay), that are being genuinely marketed for sale or let at a realistic market price may be exempt from any surcharge of up to 100% in the amount payable until they have been unoccupied for three years, rather than the standard two years.
- Any other circumstances where the owner has agreed with the Council's Empty Homes Development Officer to take positive steps to re-occupy their property and it is in the view of the Empty Homes Development Officer that a time-limited council tax increase "holiday" would encourage the property to be brought back into use sooner – discount of 10% to remain in place for period not exceeding two years since.
- To allow, in exceptional circumstances, discretion by the Head of Finance to delay application of up to 100% surcharge by up to 12 months, or up to 36 months where the exceptional circumstances are a result of the Coronavirus pandemic.

Appendix 2 – Council Tax Exemptions

There are some categories of empty properties that may qualify for an exemption and do not have to pay Council Tax, which in some instances may be time limited. A summary of such exemptions is noted below and more details, including how to apply, can be found on the Council's website.

- A new dwelling which is unoccupied and unfurnished - exemption will apply for no more than 6 months from the date of entry in the Valuation List.
- An unoccupied dwelling which is undergoing major repair - exemption will apply for no more than 12 months after the last day of occupation.
- An unoccupied dwelling last occupied by a charitable body - exemption will apply for no more than 6 months from date of last occupation.
- An unoccupied and unfurnished dwelling - exemption will apply for no more than 6 months from the date the dwelling was last occupied.
- An unoccupied dwelling, which was last occupied by a person who is now in prison - exemption is not time limited.
- An unoccupied dwelling, which was previously the sole or main residence of a person who is now living elsewhere to receive personal care – not time limited.
- An unoccupied dwelling, which was previously the sole or main residence of a person who is now living elsewhere to provide personal care for someone – exemption is not time limited.
- Deceased owners - applies to an unoccupied dwelling in respect of which the liability to pay council tax would fall to be met solely out of the estate of a deceased person. Exemption will apply for no more than 6 months from the date of the grant of confirmation.
- An unoccupied dwelling, the occupation of which is prohibited by law – exemption is not time limited.
- An unoccupied dwelling awaiting occupation by a minister – exemption is not time limited.
- An unoccupied dwelling, which within the last four months was last occupied by a full-time student(s) – exemption limited to four months.
- An unoccupied dwelling which is owned or tenanted by a full-time student(s) who now has their sole or main residence elsewhere – exemption time limited to period of student status.
- A repossessed unoccupied dwelling – exemption not time limited.
- An unoccupied and unfurnished agricultural dwelling, situated on agricultural land, and which when last occupied was used in connection with agricultural or pastoral purposes - exemption is not time limited.
- A dwelling held by a Housing Association as a 'trial flat' for the disabled or pensioners – exemption is not time limited
- An unoccupied dwelling which is difficult to let due to the proximity of your own sole or main residence – exemption is not time limited.

- Unoccupied dwelling of person made bankrupt and where property is vested with the permanent trustee – exemption is not time limited.