



Item: 7

Policy and Resources Committee: 17 February 2026.

Council Tax – Surcharge on Second Homes.

Report by Head of Finance.

1. Overview

- 1.1. A 100% surcharge on second homes was introduced on 1 April 2024, bringing second homes into line with the Council Tax policy on long-term empty homes.
- 1.2. Total income received in 2024/25 for Second Homes and Empty properties, including earlier years recovery, was £947,873 – a collection rate of ~95.89%.
- 1.3. Currently there are 14 properties that are subject to a 50% Council Tax reduction from the “isles” dispensation.
- 1.4. In terms of Council Tax legislation, if a property is owned, or rented from the owner, by a company and they then place their workers in the property on a short-term basis this property becomes liable to the second home surcharge.
- 1.5. The local policy on Council Tax currently has no provision to allow a dispensation for this scenario. For example, Orkney Islands Council rented properties for agency staff.
- 1.6. Adjusting the local policy to include an exemption in circumstances where companies that rent, or own, a property and then place their itinerant workers in the property on a short-term basis would support the local economy through the provision of essential worker accommodation, through removing the second home surcharge liability.
- 1.7. This dispensation currently would impact 47 properties and value of £61k, at 2025/26 Council Tax rates.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Agree that businesses that rent, or own a property, and place their itinerant workers in the property on a short-term basis become entitled to an exemption to the second homes surcharge, with effect from 1 April 2026.

- ii. Delegate powers to the Chief Financial Officer (Section 95 Officer) to award the exemption, outlined above, where applicable.

3. Background

- 3.1. The Council has powers under the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 to vary or remove the discount available to taxpayers, or to charge an additional premium, where a property they are responsible for is unoccupied. The Council has chosen to levy a 100% surcharge on empty properties from 1 October 2019.
- 3.2. In December 2023, the Scottish Government introduced new legislation, The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023, giving local authorities new powers with the ability to charge up to double the full rate of Council Tax on second homes, bringing second homes into line with the Council Tax policy on long-term empty homes.
- 3.3. On 11 March 2024, the Council resolved:
 - That an additional surcharge of 100% be applied to all second homes from 1 April 2024.
 - That the 50% discount on Council Tax on second homes, where a person's sole or main residence in Orkney was separated from their place of work by a body of water, the transport provision over which did not permit daily commuting between their sole or main residence and their place of work, and they occupied a second home in Orkney to enable them to maintain that employment, should continue to apply.
- 3.4. Appendix 1 details the current policy in respect of empty properties and second homes, with Appendices 2 and 3 showing the Council Tax exemptions and discounts, respectively.

4. Empty Properties

- 4.1. The Definition of an Empty Property for Council Tax purposes is:

“a property that is no one’s sole or main residence and is not a second home”.
- 4.2. The national legal basis for all Council Tax exemptions in Scotland is the Council Tax (Exempt Dwellings) (Scotland) Order 1997. Appendix 2 reflects the Order and lists the exceptions which apply to empty properties in sections 2 and 3. Paragraph 3.2 of Appendix 3 details discounts available for empty properties.

4.3. There were 312 properties considered empty for Council Tax purposes as at 1 April 2025, compared to 213 as at 1 April 2024.

5. Second Homes

5.1. A second home in Scotland is defined as:

“any home that is not used as someone’s primary residence but is furnished and evidence is produced to establish that it is lived in for at least 25 days in a 12-month period.”

5.2. Paragraph 3.1 of Appendix 3 details discounts available for second homes.

5.3. There were 425 properties considered second homes for Council Tax purposes as at 1 April 2025, compared to 419 as at 1 April 2024.

5.4. Queries received, and guidance followed, by the Revenues section regarding properties incurring the second homes surcharge have fallen into the following main groups:

- **Dwelling is a bothy**

Included under section 3.2 of Appendix 3, “Purpose built holiday homes which are not the sole or main residence of any person, are used for holiday purposes and are not allowed to be used for human habitation throughout the whole year or are unfit to be used for habitation throughout the whole year.”

- **Purpose built Holiday Home**

As with a bothy, a purpose built holiday home may be eligible for 50% discount as long as qualifying circumstances are satisfied.

- **Tied accommodation for work**

Discount is available for dwellings which are not the sole or main residence of any person and are owned or rented by someone whose sole or main residence is another job-related dwelling, or vice versa.

- **Property is empty and being marketed for sale**

Section 2.2.2 of Appendix 1 covers this area, “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”.

- **Where properties are under repair**

Time-limited discounts and exemptions exist for property owners who can prove genuine renovation or repair work.

- **Persons who maintain second homes for business or employment purposes locally**

This situation falls under the definition of a second home. Where the property is not 'tied' to the employment (above), it would be subject to the surcharge.

- **Hard to rent due to proximity of other dwellings**

For the Council Tax Exemption to be applied because the unoccupied property is difficult to let due to the proximity of the owner's sole or main residence, the following criteria need to be met:

- It forms part of premises which include another dwelling, or
- It is situated within the curtilage of another dwelling and,
- It is difficult to let separately from that other dwelling and,
- The person who would be liable for it has his/her sole or main residence in that other dwelling.

- **Companies owning or renting property to workers on a short-term basis**

No formal policy exists to avoid the second homes surcharge in this situation, and the addition of this dispensation is proposed.

6. Proposed Policy Amendment

6.1. To aid understanding the Council Tax Hierarchy of Liability is set out below:

- A resident who owns the property.
- A resident who is a tenant.
- A resident who is a statutory, statutory assured, or secure tenant.
- A resident who is a sub-tenant.
- Any other resident.
- The non-resident owner unless there is a non-resident tenant or a non-resident subtenant, either of whom have a lease of six months or more.

6.2. Currently if a property is owned or rented from the owner by a business and they then place their workers in the property on a short-term basis this property becomes subject to the second home surcharge. This is based on the definition of a second home and by the Council Tax Hierarchy of Liability.

6.3. This seems incongruous in comparison to the treatment of tied accommodation. Tied accommodation properties are exempt from Second Homes Surcharge as these are rented out for a longer period not short term lets, and the employment comes with accommodation.

6.4. The Council Tax (Liability of Owners) (Scotland) Regulations 1992 list special circumstances where the owner is always liable. These include:

- Houses of multiple occupation (HMOs).
- Properties occupied only by under 18s.
- Care homes, hospitals, hostels and similar residential institutions.
- Religious communities.
- Properties occupied by asylum seekers under certain arrangements.
- Certain types of shared accommodation (bedsits, for example).
- Empty properties with no tenant holding a lease of over 6 months.

6.5. To apply a level of consistency it is proposed to allow businesses as owner, or lessor, of a property leased on a short-term basis to only have to pay standard Council tax, and not the surcharge (Long-term tenancies would transfer liability to the occupant), essentially applying, and extending where necessary, the “empty properties with no tenant holding a lease over 6 months” dispensation.

6.6. For further consistency, this dispensation would apply to essential workers as defined by the Essential Workers Housing Strategy. The Essential Workers Housing Strategy covers:

- Keyworkers and other essential workers moving to Orkney permanently.
- Agency/interim staff working in Orkney, who are living temporarily on Orkney for work purposes, but who are permanent residents elsewhere.
- Students moving to Orkney for study.
- Workers required for potential infrastructure construction projects.

6.7. The Mid-market rent policy further defines ‘essential workers’ under the following groupings:

- i. Social care staff – employees of Orkney Islands Council and employees of agencies providing social care services on behalf of Orkney Islands Council.
- ii. Council staff required to deliver essential public services.
- iii. Health staff – employees of NHS Orkney and employees of agencies providing health services on behalf of NHS Orkney.
- iv. Other employees or contractors required to deliver essential public services.
- v. Construction workers required to support Orkney’s local economy.

- vi. Hospitality workers required to support Orkney's local economy.
- vii. Other workers that can demonstrate their working status is essential to help sustain Orkney's communities and local economy.

6.8. In order to verify any applications for dispensation under this proposed policy adjustment, applicants would be required to complete an application form, including a declaration. As with all discounts or exemptions, this exemption would expire automatically after 6 or 12 months unless renewed with proof.

6.9. This exemption was previously granted by the Head of Finance for NHS Orkney and Council let properties for health and social care employment arrangements, agency workers for example. Based on current records, subject to sufficient proof, there are 47 properties which could benefit from this dispensation.

6.10. This report seeks approval to amend the Council Tax policy and adopt this dispensation to support employers supporting the local economy who require housing for their itinerant workers to do so.

For Further Information please contact:

Carole Graves, Service Manager (Revenues and Benefits), extension 3312, Email carole.graves@orkney.gov.uk.

Implications of Report

1. **Financial** – Relevant financial information is included throughout the report.
2. **Legal** – The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023 give local authorities new powers to charge up to double the full rate of Council Tax on second homes with effect from 1 April 2024. Any exemption granted under the policy would require to be awarded in compliance with the Subsidy Control Act 2022.
3. **Corporate Governance** – Not applicable.
4. **Human Resources** – Not applicable.
5. **Equalities** - An Equality Impact Assessment has been undertaken and is attached as Appendix 4 to this report.
6. **Island Communities Impact** - An Island Communities Impact Assessment has been undertaken and is attached as Appendix 5 to this report.
7. **Links to Council Plan** - The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.

- Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan** - The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
 - Improving Population Health.
- 9. Environmental and Climate Risk** – Not applicable.
- 10. Risk** – Policy change may result in unintended consequences.
- 11. Procurement** – Not applicable.
- 12. Health and Safety** – Not applicable.
- 13. Property and Assets** – Not applicable.
- 14. Information Technology** – Not applicable.
- 15. Cost of Living** – Not applicable.

List of Background Papers

Council Tax – Charging on Empty Properties. Policy and Resources Committee, 21 February 2023.

Council Tax – Surcharge on Second Homes. Policy and Resources Committee, 20 February 2024.

Essential Workers Housing Strategy. Education, Leisure and Housing Committee, 27 March 2024.

Review of Mid-market Rent Policy. Education, Leisure and Housing Committee, 27 March 2024.

Appendices

Appendix 1 – Council Tax charges on empty properties and second homes.

Appendix 2 – Council Tax exemptions information leaflet.

Appendix 3 – Council Tax discounts information leaflet.

Appendix 4 – Equality Impact Assessment.

Appendix 5 – Island Communities Impact Assessment.

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 email 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 reposessed 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.

Orkney Islands Council.

Council Tax Exemptions

Information Leaflet.



1. Introduction

Council Tax is charged on all domestic dwellings but some dwellings may fall into an exempt category that means there will be no Council Tax to pay. There are many categories of exemption and includes dwellings where all the residents are students and some empty dwellings.

The following paragraphs broadly explain which types of dwelling may be exempt and whether the exemption may be time limited. There are 3 main types of exemptions, as follows.

- Unoccupied dwellings, subject to a time limit on the exemption awarded.
- Unoccupied dwellings, where exemption is awarded without a time limit.
- Occupied dwellings.

2. Unoccupied dwellings, subject to a time limit

2.1. A new unoccupied and unfurnished dwelling

This applies only to a new dwelling that has been entered onto the Valuation List for the first time. The property must be unoccupied and unfurnished throughout and exemption will apply for no more than 6 months from the date of entry in the Valuation List.

2.2. An unoccupied and unfurnished dwelling

All moveable furniture must be removed from the dwelling before the exemption can be awarded. Exemption will apply for no more than six months from the date the dwelling was last occupied, after which a 50% discount will apply for a further 6 months (the 50% discount will not apply to any water or waste water charges).

2.3. Deceased owners

This 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. For example, where ownership of the property is still in the name of the deceased person. Exemption will apply for no more than 6 months from the date of the grant of confirmation.

2.4. An unoccupied dwelling which is undergoing repair

This applies to an unoccupied dwelling which is undergoing, or has undergone, major repair work to render it habitable or is undergoing, or has undergone, structural alteration (this does not apply to routine decoration). Exemption will apply for no more than 12 months after the last day of occupation.

2.5. An unoccupied dwelling last occupied by a charitable body

This applies to an unoccupied dwelling owned or rented by a Charity, which when last occupied was used for charitable purposes. Exemption will apply for no more than 6 months from date of last occupation.

2.6. An unoccupied dwelling, which within the last 4 months was last occupied by a full-time student(s)

This exemption applies to properties that are not the sole or main residence of any person other than a student. It is intended to apply to property previously let to students which is left empty during holiday periods between academic sessions.

3. Unoccupied dwellings, without a time limit

3.1. An unoccupied dwelling, the occupation of which is prohibited by law

This applies where the occupation of the property has been prohibited by an Act of Parliament, for whatever reason.

3.2. Agricultural dwellings

This applies where the property is both unoccupied and unfurnished, is situated on agricultural land, and which when last occupied was used in connection with agricultural or pastoral purposes.

3.3. An unoccupied dwelling, which was last occupied by a person who is now living in a hospital, a residential care home or a nursing home

This applies to an unoccupied dwelling, which on the last occupation day was previously the sole or main residence of a person who is now living in a hospital, a residential care home or a nursing home, and who would otherwise be liable for Council Tax.

3.4. An unoccupied dwelling, which was previously the sole or main residence of a person who is now living elsewhere to receive personal care

The person must be living elsewhere to receive personal care due to old age, disablement, illness, past or present alcohol or drug dependence, or past or present mental disorder, and who would otherwise be liable for Council Tax.

3.5. 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

The person must be living elsewhere to provide personal care for someone who needs care due to old age, disablement, illness, past or present alcohol or drug dependence, or past or present mental disorder, and who would otherwise be liable for Council Tax.

3.6. An unoccupied dwelling, which was last occupied by a person who is now in prison

This applies to an unoccupied dwelling which on the last occupation day was the sole or main residence of a person who is now in prison and who would otherwise be liable for Council Tax.

3.7. Dwellings awaiting demolition

This applies to an unoccupied dwelling which is owned by a Local Authority or Scottish Homes and is kept unoccupied as it is due to be demolished.

3.8. Dwellings for occupation by ministers

This applies where an unoccupied property is being held by, or on behalf of, a religious body for the purpose of being available for occupation by a minister of religion as a residence from which to perform the duties of their office.

3.9. An unoccupied dwelling which is owned or tenanted by a full-time student(s) who now has their sole or main residence elsewhere

This is aimed at students who have lived in the property immediately before becoming a student and are now residing elsewhere in order to undertake their studies.

3.10. Repossessed dwellings

This applies where the property is unoccupied and lawful possession has been entered into by a creditor who has called up the heritable security over the dwelling.

3.11. Dwellings of persons made bankrupt

This exemption applies where the property is unoccupied and the property is vested with the permanent trustee, such as the Accountant in Bankruptcy.

3.12. An unoccupied dwelling which is difficult to let due to the proximity of your own sole or main residence

Certain unoccupied dwellings which are within the curtilage of another dwelling, are difficult to let separately and for which the liable person is resident in that other dwelling. For example, empty granny flats or staff accommodation in a larger property.

4. Occupied dwellings

4.1. A dwelling occupied solely by full-time students

To qualify as a student, you must either.

- Study for at least 24 weeks for 21 hours per week in each academic year.
- Be a foreign language assistant working in a school or other educational establishment and be registered with the British Council.

- Be under 20 years old and studying for a non-advanced course for at least 12 hours a week for 3 months. Non-advanced courses include A levels, Highers, and Level 3 Scottish Vocational Qualifications.

4.2. A dwelling occupied solely by care leavers aged under 26 years

This applies to a dwelling occupied solely by care leavers who are under 26 years of age, who were on their 16th birthday or at any subsequent time looked after by a local authority. This exemption cannot be applied before April 2018.

4.3. A dwelling occupied solely by a person(s) who is severely mentally impaired

The person must have a severe impairment of intelligence and social functioning, which appears to be permanent, and must also receive certain benefits.

4.4. A dwelling in which the only residents are under 18 years of age

4.5. Student Halls of Residence

This applies to property which is part of a halls of residence provided predominantly for the accommodation of students and is owned or managed by a College or University, or a body established for charitable purposes only.

4.6. A dwelling held by a Housing Association as a 'trial flat' for the disabled or pensioners

This exemption allows a property to be kept free for trial purposes to see if residents can adapt to a more permanent stay in similar properties owned by the association. For example, trying out sheltered housing pending a formal tenancy being granted in another similar property.

4.7. Dwellings owned by the Secretary of State for Defence and held for the purpose of armed forces accommodation

5. What to do if you think your dwelling is exempt?

If you own, or live in, a dwelling which you think might be exempt from payment of Council Tax, you should complete the Council Tax Exemption application form provided by the Council and give as much information as possible to support your case. You can also contact the Council for more advice and information.

You may be asked for further information and it is in your interests to provide this quickly. Entitlement to exemption is assessed on a daily basis and may change if your circumstances change.

You have a statutory obligation to notify the Council if an exemption which has been applied to your bill should be withdrawn or reduced. If you do not inform the council within 21 days you may face a penalty of £50.

6. Will you get a bill for an exempt dwelling?

If you are liable for Council Tax on these types of dwelling you will be sent information about the Valuation Band for the property and what the Council Tax would be if it were not exempt.

If the council notifies you in writing that it believes your property is exempt, but you realise that it should not be, you must write and tell the council or you may face a penalty.

7. What can you do if the Council says your property is not exempt?

Once the Council has made a calculation of your Council Tax, you should write to the Council giving the reasons why you think you should get an exemption. You must write to request a review of an exemption decision within 2 months of the date of the Council's decision. The Council has 2 months to make a decision. If the Council upholds its original decision or fails to issue a review decision within 2-months from the date of your review request, you can appeal to the First-tier Tribunal (Local Taxation Chamber.) You must continue to pay your original bill while your appeal is outstanding.

8. How information about you will be used

If you apply to the Council for an exemption you will be asked to provide information to determine if you are entitled to any relief and to process your application. The Local Government Finance Act 1992 is the legal basis for the Council processing your personal information – to determine Council Tax exemption.

The information may be shared as follows.

- Within the local authority, with other local authorities and Audit Scotland to detect and prevent fraud.
- Within the local authority to help improve the services provided by the Council, such as information on properties that become empty or become occupied.
- With the Assessor to maintain the Council Tax Valuation List and to evidence empty properties.
- With the Electoral Registration Officer to determine eligibility to vote.

Any medical information that you provide to support your application is treated as special category personal data and will only be disclosed to third parties as necessary for the operation and administration of Council Tax.

For more information about how we process information, how long we retain the information, or the right to complain please contact us or visit <http://www.orkney.gov.uk/Online-Services/privacy.htm>. If you are unable to access the Council's website you can request a paper copy from the Council.

Users of smartphones can also scan the code below to access the information.



9. Finding out more

This leaflet deals with the main features of the Council Tax Exemption scheme. It does not cover every detail and should not be regarded as a comprehensive statement of the law.

If you need further information you should contact the Council Tax Section, Orkney Islands Council, Council Offices, Kirkwall, KW15 1NY.

Telephone: 01856873535 Extension 2133.

Telephone: 01856886322 (direct dial).

Email: revenues@orkney.gov.uk

Orkney Islands Council website: <http://www.orkney.gov.uk/>

Document date – February 2019.

Orkney Islands Council.

Council Tax Discounts

Information leaflet.



1. Introduction

Liability for Council Tax normally assumes that there are two or more residents in a dwelling, aged 18 years or over.

If you are the only person aged 18 years or over living in your property you may be entitled to a 25% discount.

Certain people are not counted when looking at the number of adults living in a dwelling. For example, if there are two adults living in the dwelling and one of them has a disregarded status, a 25% discount may apply.

If no-one resides in the dwelling you may be entitled to a discount of between 10% and 50%.

This leaflet explains who might be entitled to receive a discount and how to apply.

2. Single person discount

If you are the only person aged 18 years or over living in the dwelling you may be entitled to a 25% discount.

3. Discounts, where no one resides in the dwelling

If a dwelling is not someone's main home, perhaps because it is an empty property or second home, the dwelling may be eligible for a discount or exemption – although this may be time limited.

3.1. Second homes

For Council Tax purposes, a Second Home is defined as a property that is 'no one's 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'.

From 1 April 2023, the 10% discount that was limited to a period of 12 months from the date the property was last occupied as someone's sole or main residence was removed.

From 1 April 2024, a 100% surcharge will become payable.

However, from 1 April 2019, the discount of 50% remains available, 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.

3.2. Empty properties

For Council Tax purposes, an empty property is defined as 'a property that is no one's sole or main residence and is not a second home'. In general, a discount of 10% may apply from the date the property was last occupied as someone's sole or main residence. From 1 October 2019, any discount will be limited to a period of 12 months from the date the property was last occupied as someone's sole or main residence and a Council Tax surcharge of 100% will become payable.

In some instances, an empty property may be eligible for a 50% discount as long as the qualifying circumstances can be satisfied, including.

- Purpose built holiday homes which are not the sole or main residence of any person, are used for holiday purposes and are not allowed to be used for human habitation throughout the whole year or are unfit to be used for habitation throughout the whole year.
- Job-related dwellings. This relates to a dwelling which is not the sole or main residence of any person and is owned or rented by someone whose sole or main residence is another job-related dwelling, or vice versa.
- Empty Dwellings that are unoccupied and unfurnished. A 50% discount may apply for up to 6 months after any initial 6 month exemption that may have applied.
- Dwellings undergoing or requiring major repair work to render them habitable, or which are undergoing structural alteration – a 50% discount may apply for a period of up to 6 months after the dwelling has been purchased.

3.3 Additional information on empty properties and second homes

Additional information on second homes and empty properties, including further advice on discounts, exemptions and how to bring an empty property back into use can be found on the Council's website at <http://www.orkney.gov.uk/Service-Directory/C/council-tax-empty-properties-and-second-homes.htm>

4. Discounts, where persons are disregarded

Certain people are not counted when looking at the number of adults residing in a dwelling. For example, if there are 2 adults in a dwelling, and one of them is in one of the special groups set out below, the bill will be worked out as if only one adult lives in the property and the Council Tax bill will be reduced by 25%.

To find out if a discount may apply to your home, you should count the number of adults who live there as their main home, but who are not in one of the special groups. If you are left with two or more people, there will be no discount. If there is one person, your bill may be reduced by 25%.

4.1. Categories of persons who are disregarded

The following people will not be counted in deciding the Council Tax payable in respect of a dwelling if they meet certain conditions.

- A person who has attained 18 years of age for whom Child Benefit is payable.
- A dwelling occupied solely by full-time students. To qualify as a student, you must either:

- Study for at least 24 weeks for 21 hours per week in each academic year.
- Be a foreign language assistant working in a school or other educational establishment and be registered with the British Council.
- Be under 21 years of age and be studying for a non-advanced course for at least 12 hours a week for 3 months. Non-advanced courses include A levels, Highers, and Level 3 Scottish Vocational Qualifications.
- A dwelling occupied solely by care leavers aged under 26 years. This applies to care leavers who are under 26 years of age, who were on their 16th birthday or at any subsequent time looked after by a local authority. The discount cannot be applied before April 2018.
- A person who is a student nurse.
- A person who is employed as an Apprentice and earns less than £195.00 gross per week.
- A person who is a Youth Trainee and aged under 25 years of age.
- A person receiving long-term care in a residential care home or hospital.
- A person who is providing care or support to another person in the same dwelling. There are two categories of care worker that qualify for discount, a paid care worker or an unpaid care worker.
- A dwelling occupied solely by a person(s) who is severely mentally impaired. The person must have a severe impairment of intelligence and social functioning, which appears to be permanent, and must also receive certain benefits.
- A person who is in Detention. The person must be detained in a prison, a hospital or any other place by virtue of an order of a court, detained under the Immigration Act 1971, detained under the Mental Health Act 1983 or the Mental Health (Scotland) Act 1984, or detained or in custody by the Army.
- A person who is a member of a religious community. The principal occupation of which consists of prayer, contemplation, education, the relief of suffering or any combination of these. The person must also have no income or capital of their own (disregarding any income by way of a pension in respect of former employment) and is dependent on the community to provide for their material needs.
- A person who is a school leaver. The person must be aged under 20 years of age, and on 30th April of the year in question, undertaking a qualifying course of education and has since ceased to be such a student.
- Residents of certain dwellings. A person shall be disregarded for the purposes of a discount on a particular day, if on the day, they have their sole or main residence in a dwelling which,
 - is for the time being, providing residential accommodation, whether as a hostel or night shelter or otherwise, and the accommodation is predominantly provided in units that are not self-contained, for persons of no fixed abode and no settled way of life, and under licences to occupy which do not constitute tenancies.

The Council may require additional information to determine if someone is entitled to receive the discount. If this applies, the Council may ask you to complete a supplementary application form.

4.2. Am I still liable for Council Tax if I am not counted for the bill?

If you are a liable person and a discount is awarded because of your status, or you are not counted because you do not live in the property, you will still be responsible for paying the reduced amount.

There is an exception to this general rule in the case of people who are severely mentally impaired, students or care leavers, who would otherwise be jointly liable. In most cases these persons will cease to be liable.

5. What to do if you think you are entitled to receive a discount?

If you think you may be entitled to receive a discount on the payment of your Council Tax you should complete the Council Tax discount form provided by the Council and give as much information as possible to support your case. You can also contact the Council for more advice and information.

You may be asked for further information and it is in your interests to provide this quickly. Entitlement to discount is assessed on a daily basis and may change if your circumstances change.

You have a statutory obligation to notify the Council if a discount which has been applied to your bill should be withdrawn or reduced. If you do not inform the council within 21 days you may face a penalty of £50.

6. What if I disagree with the council's decision on my entitlement to a discount?

Once the Council has made a calculation of your Council Tax, you should write to the Council giving the reasons why you think you should get a discount.

You must write to request a review of an exemption decision within 2 months of the date of the Council's decision. The Council has 2 months to make a decision. If the Council upholds its original decision or fails to issue a review decision within 2 months from the date of your review request, you can appeal to the First-tier Tribunal (Local Taxation Chamber.)

You must continue to pay your original bill while your appeal is outstanding.

7. How information about you will be used

If you apply to the Council for a discount you will be asked to provide information to determine if you are entitled to any relief and to process your application. The Local Government Finance Act 1992 is the legal basis for the Council processing your personal information – to determine Council Tax discount.

The information may be shared as follows.

- Within the local authority, with other local authorities and Audit Scotland to detect and prevent fraud.
- Within the local authority to help improve the services provided by the Council, such as information on properties that become empty or become occupied.
- With The Assessor to maintain the Council Tax Valuation List and to evidence empty properties.
- With the Electoral Registration Officer to determine eligibility to vote.

Any medical information that you provide to support your application is treated as special category personal data and will only be disclosed to third parties as necessary for the operation and administration of Council Tax.

For more information about how we process information, how long we retain the information, or the right to complain please contact us or visit <http://www.orkney.gov.uk/Online-Services/privacy.htm>. If you are unable to access the Council's website you can request a paper copy from the Council.

Users of smartphones can also scan the code below to access the information.



8. Finding out more

This leaflet deals with the main features of the Council Tax Discount scheme. It does not cover every detail and should not be regarded as a comprehensive statement of the law.

If you need further information you should contact the Council Tax Section, Orkney Islands Council, Council Offices, Kirkwall, KW15 1NY.

Telephone: 01856873535 Extension 2133.

Telephone: 01856886322 (direct dial).

Email: revenues@orkney.gov.uk

Orkney Islands Council website: <http://www.orkney.gov.uk/>

Document date – February 2019.



Equality Impact Assessment

The purpose of an Equality Impact Assessment (EqIA) is to improve the work of Orkney Islands Council by making sure it promotes equality and does not discriminate. This assessment records the likely impact of any changes to a proposal or changes by anticipating the consequences and making sure that any negative impacts are eliminated or minimised and positive impacts are maximised.

Should you have any questions or wish for your draft EqIA to be reviewed by our Equality, Diversity and Inclusion Adviser, please contact OD@orkney.gov.uk.

1. Identification of the Proposal or Change

Name of proposal or change being assessed.	Council Tax – charging on second homes.
Responsible Service and Directorate.	Finance, Enterprise and Resources.
Date of assessment.	18 December 2025.
Is the proposal or change existing? (Please indicate if the service is to be deleted, reduced or changed significantly).	The existing policy on Council Tax charges for second homes and empty homes is being reviewed.

2. Primary Information

What are the intended outcomes of the proposal or change?	Review of the existing Second Homes Council Tax surcharge on second homes.
Is the proposal or change strategically important?	The policy will contribute towards the Council's Empty Homes Strategy and support the Essential Workers Housing Strategy.
State who is or may be affected by this proposal or change, and how?	Owner(s) of second homes within Orkney.
How have stakeholders been involved in the development of this proposal or change?	Service has listened to lobbying from service users.
Is there any existing data and / or research relating to equalities issues in this policy area? Please summarise.	No known specific equalities research in this area.

2. Primary Information	
E.g. consultations, national surveys, performance data, complaints, service user feedback, academic / consultants' reports, benchmarking.	
<p>Is there any existing evidence relating to socio-economic disadvantage and inequalities of outcome in this policy area? Please summarise.</p> <p>E.g. For people living in poverty or for people of low income. See The Fairer Scotland Duty Guidance for Public Bodies for further information.</p>	<p>There is no known evidence relating to socio-economic disadvantage and inequalities of outcome in this policy area.</p> <p>The dispensation applies only to properties rented, or owned, by companies for their itinerant workers and does not impact on the property in which a Council Taxpayer occupies as their main residence.</p> <p>Property owners who are disadvantaged by the current policy would be marginal given the small numbers, and there is no evidence of socio-economic disadvantage within this group at present.</p>
Could the proposal or change have a differential impact on any of the following equality areas?	Please provide any evidence – positive impacts / benefits, negative impacts and reasons:
1. Race: this includes ethnic or national groups, colour and nationality.	No differential impact.
2. Sex: a man or a woman.	No differential impact.
3. Sexual Orientation: whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.	No differential impact.
4. Gender Reassignment: the process of transitioning from one gender to another.	No differential impact.
5. Pregnancy and maternity.	No differential impact.
6. Age: people of different ages.	No differential impact.
7. Religion or beliefs or none (atheists).	No differential impact.
8. Disability: people with disabilities (whether registered or not).	No differential impact.
9. Marriage and Civil Partnerships.	No differential impact.
10. Caring responsibilities	No differential impact.
11. Socio-economic disadvantage.	No differential impact.

2. Primary Information

12. Care experienced	No differential impact.
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3. Impact Assessment

Does the analysis above identify any differential impacts which need to be addressed?	No.
Does the analysis above identify any potential negative impacts?	No.
Do you have enough information to make a judgement? If no, what information do you require?	Yes.

4. Equality Impact Assessment Action Plan

Please complete the following action plan where you have identified any differential impacts or potential negative impacts in Section 3 of the Equality Impact Assessment.

Impact Identified	Action to be taken	Owner	How will it be monitored	Date Action to be completed

5. Sign and Date

Signature:	
Name:	Carole Graves.
Date:	18 December 2025.

Island Communities Impact Assessment

Review of the current Second Homes and Empty Properties Surcharge

Preliminary Considerations	Response
Please provide a brief description or summary of the policy, strategy or service under review for the purposes of this assessment.	To review the current policy on Council Tax Charging applied to Second Homes.
Step 1 – Develop a clear understanding of your objectives	Response
What are the objectives of the policy, strategy or service?	The objective of the strategy is to support the local economy through the application of a dispensation on the second homes surcharge for companies which rent, or own, properties for their itinerant workers.
Do you need to consult?	No
How are islands identified for the purpose of the policy, strategy or service?	All islands within the Orkney archipelago are considered equally by the legislation and the surcharge of 100% has been applied to second homes and empty properties located on islands and the Orkney Mainland.
What are the intended impacts/outcomes and how do these potentially differ in the islands?	The intended outcome is the investment in ability for companies based out with Orkney to undertake works in the Orkney islands and have the ability to house their itinerant workers without a surcharge being applied to the properties. There is no island differential with this policy amendment.
Is the policy, strategy or service new?	Charging for Council Tax is not a new policy. The 100% surcharge on second homes is an existing policy. This dispensation is new however.
Step 2 – Gather your data and identify your stakeholders	Response
What data is available about the current situation in the islands?	Council Tax records are available to identify all second home properties in Orkney.
Do you need to consult?	No

How does any existing data differ between islands?	Council Tax data is different for each island with different numbers of second homes properties. This does not imply any differential impact from the proposed policy.
Are there any existing design features or mitigations in place?	The current Council policy is to charge full Council Tax for second homes with the exception of a small number of second homes that are entitled to receive a discount of 50%. These are 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. A number of other exemptions and discounts also exist.
Step 3 – Consultation	Response
Who do you need to consult with?	N/A
How will you carry out your consultation and in what timescales?	N/A
What questions will you ask when considering how to address island realities?	N/A
What information has already been gathered through consultations and what concerns have been raised previously by island communities?	N/A
Is your consultation robust and meaningful and sufficient to comply with the Section 7 duty?	N/A
Step 4 – Assessment	Response
Does your assessment identify any unique impacts on island communities?	No
Does your assessment identify any potential barriers or wider impacts?	No

How will you address these?	N/A
You must now determine whether in your opinion your policy, strategy or service is likely to have an effect on an island community, which is significantly different from its effect on other communities (including other island communities).	
If your answer is No to the above question, a full ICIA will NOT be required and you can proceed to Step 6 . If the answer is Yes , an ICIA must be prepared and you should proceed to Step 5 .	
To form your opinion, the following questions should be considered:	
<ul style="list-style-type: none"> • Does the evidence show different circumstances or different expectations or needs, or different experiences or outcomes (such as different levels of satisfaction, or different rates of participation)? • Are these different effects likely? • Are these effects significantly different? • Could the effect amount to a disadvantage for an island community compared to the Scottish mainland or between island groups? 	
Step 5 – Preparing your ICIA	Response
In Step 5, you should describe the likely significantly different effect of the policy, strategy or service:	
Assess the extent to which you consider that the policy, strategy or service can be developed or delivered in such a manner as to improve or mitigate, for island communities, the outcomes resulting from it.	
Consider alternative delivery mechanisms and whether further consultation is required.	
Describe how these alternative delivery mechanisms will improve or mitigate outcomes for island communities.	
Identify resources required to improve or mitigate outcomes for island communities.	

Stage 6 – Making adjustments to your work	Response
Should delivery mechanisms/mitigations vary in different communities?	No, the policy should be applied consistently across the Orkney archipelago.
Do you need to consult with island communities in respect of mechanisms or mitigations?	No
Have island circumstances been factored into the evaluation process?	Yes, island circumstances have been considered in this ICIA.
Have any island-specific indicators/targets been identified that require monitoring?	No
How will outcomes be measured on the islands?	Through Council Tax records.
How has the policy, strategy or service affected island communities?	N/A
How will lessons learned in this ICIA inform future policy making and service delivery?	Through the process of completing the ICIA the impact of the policy change on island communities has been examined. The lesson being that the ICIA should help identify such differential impacts and shape the application of the policy.
Step 7 – Publishing your ICIA	Response
Have you presented your ICIA in an Easy Read format?	Yes
Does it need to be presented in Gaelic or any other language?	No
Where will you publish your ICIA and will relevant stakeholders be able to easily access it?	The ICIA will be published on the Council website as an appendix to the 17 February 2026 Policy and Resources Committee report to consider the review and recommended amendments to the 100% Council Tax surcharge on second home properties.
Who will signoff your final ICIA and why?	The final ICIA sign off will be completed by the Director of Enterprise and Resources as the Council Director with overall responsibility for the collection of Council Tax on behalf of the Council.

ICIA completed by:	Erik Knight
Position:	Head of Finance
Signature:	[REDACTED]
Date complete:	30 January 2026

ICIA approved by:	Gareth Waterson
Position:	Director of Enterprise and Resources
Signature:	[REDACTED]
Date complete:	30 January 2026