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## Labour looks to close second home council tax loophole

Party considers tax crackdown as Tories call for tougher regulations

By Alexa Phillips

1 August 2023 • 6:04pm



Second homeowners face losing their last remaining refuge against a looming tax raid under Labour plans.

The Telegraph understands Labour is looking at closing tax loopholes that allow second homeowners to avoid paying council tax.

Tory MPs and councillors have also joined calls for tougher regulations on second homes, warning of crumbling public services and an exodus of locals unable to find places to live.

It comes after this newspaper revealed one in four councils in England have made plans to use new powers to double council tax for second homeowners, which would affect nearly half of these homes.

The Government is preparing to hand local authorities the power to raise the amount of council tax that can be charged on second homes – but is coming under fire over an exemption for those who rent them out as holiday lets.

Second homeowners can pay business rates instead of council tax if they show that their properties are rented out for at least 70 days and are available to rent for at least 140 days.

The Labour Party is “aware of and looking at” the issue, according to a source familiar with the matter.

The source said the party believes “there shouldn’t really be tax loopholes that second homeowners are able to exploit in this way”.

Lisa Nandy, the Shadow Levelling Up Secretary, said: “While short-term holiday lets bring many benefits, those benefits must be weighed against the impact on local people and in many places the Government hasn’t got that balance right.

“Excessive rates of second home ownership have a direct impact on communities, and especially the availability and affordability of homes for local families and young people.”

If it comes to power, Labour will require all UK holiday let owners to apply for licences as part of plans to manage the number of second homes.

Tory MPs and councillors from across the South also urged the Government to close the valuable loophole.

Tobias Ellwood, the Conservative MP for Bournemouth East, said: “Paying council tax arguably is the definition of being tied to your community.

“You are buying into all the services, the support, the entire character of where you live and that also allows you to have a say with the ability to vote, so it’s absolutely right that if you are a beneficiary of these local services that you should also contribute to those costs.”

Selaine Saxby, the Conservative MP for North Devon, said councillors in her constituency have also raised concerns about the tax exemption.

She said: “When you’re on a short term holiday let and Airbnb’ing your property, you’re still generating waste.

“By not paying council tax and moving on to business rates, it just means the councils are stuck clearing waste that nobody’s paying for. Far more of the business rates go to the Government than go locally.

“There’s a real need to look at tax.”

Oliver Monk, a Tory councillor in Cornwall, said: “If you’re going to register for a holiday let you should be subject to the doubling of council tax.”

Sherry Jespersen, a Tory councillor in Dorset, said “the whole point” of doubling council tax is to “control the number of second homes”, but if people can just convert their properties to holiday lets this will not be achieved.

Julian Brazil, leader of Liberal Democrat-run South Hams District Council, described the exemption as “disgraceful”, adding: “I’m 100pc opposed to that. I’m very disappointed the Government has created an incredibly complicated system.”

Gill Williams, a Labour councillor in Labour-run Brighton and the cabinet member for housing, said council tax exemptions should not be available for those renting out a property for 70 days of the year.

She said: “If you can keep a second home empty for a large portion of the year, I don’t really feel that tenable in the housing crisis that we’re in now.”

A Government spokesman said all taxes were kept under review.

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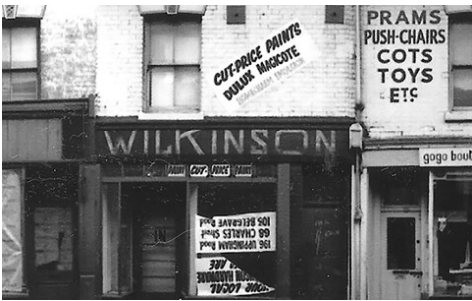
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