



Llywodraeth Cymru
Welsh Government

OPEN CONSULTATION

Local variation to land transaction tax rates for second homes, short-term holiday lets and potentially other additional residential properties

We want your views on proposed local variation to land transaction tax (LTT) rates for second homes, short term holiday lets and potentially other additional residential properties.

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Foreword

Ensuring there is sufficient availability of affordable housing in Wales is a priority for this government. The high levels of second homes and short-term holiday lets in some communities with a potential impact on the availability and affordability of housing and the vitality of Welsh as a thriving community language has been much debated. As recent research has shown, the issues are complex and there is no single solution ([Second homes: developing new policies in Wales](#) report by Dr Simon Brooks). This is why we must look across the full range of action available.

On 6 July the Minister for Climate Change, Julie James MS, set out an

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“**ambitious three-pronged approach**” to address issues of affordability and the impact of second homes and short-term holiday lets on communities and the Welsh language. The 3-pronged approach is working towards:

- support - addressing affordability and availability of housing
- regulatory framework and system - covering planning law and the introduction of a statutory registration scheme for holiday accommodation, and
- a fairer contribution - using national and local taxation systems to ensure second home owners make a fair and effective contribution to the communities in which they buy.

This was followed on 23 November by an announcement of a phased pilot to test the cumulative impact of a number of interventions in Dwyfor, Gwynedd. The first phase of the pilot will include practical support measures aimed at making a difference to local access to affordable housing, with planning and taxation measures planned to be introduced in the second phase of the pilot, subject to the outcome of consultations. This consultation is the third in a series on planning and taxation measures, following consultations on **local taxes for second homes and self-catering accommodation** and **planning legislation and policy for second homes and short-term holiday lets**. We are also consulting on our Welsh Language Communities Plan.

As part of this approach, we are looking at possible changes to land transaction tax (LTT) to support other work to manage the impact of second homes and short-term holiday lets. This consultation focuses on local variations of LTT to reflect challenges in local housing markets. Changes to LTT alone are not expected to resolve the issues associated with high concentrations of second homes and short-term holiday lets. However, there may be a contribution which can be made by changes to LTT, which along with other action, could cumulatively make a difference.

Introduction

Wales has long welcomed visitors and tourism makes a valuable contribution to

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our economy. However, where some communities have high numbers of second homes and short-term holiday lets, there can be an impact on the sustainability of those communities. There are also potential impacts on the housing market in areas where second homes and short-term holiday lets are popular. Concerns are often raised about the impact of second homes and short-term holiday lets on the affordability and availability of housing for people who permanently live in the area, or wish to continue to do so, particularly young people.

Earlier this year, the Welsh Government commissioned research to explore international interventions and better to understand the prevalence and impacts of second home ownership on communities across Wales ([Research to develop an evidence base on second homes](#)). This research highlighted the localised nature of second homes, which are predominantly concentrated around coastal, rural areas and within Cardiff and Swansea. It also highlights that within local authorities, the distribution of second homes is more concentrated in some communities than others.

The research recognises that second homes are part of a wider range of factors which influence the affordability of housing, and it is difficult to separate out their impact from other factors such as average wages, ability to borrow, and the types of housing available. While LTT will be only one of a range of factors that are considered by people buying property, it could have some potential to influence the market as part of a broader set of policy responses. LTT is an episodic tax, only chargeable at the point of purchase, it is, therefore, likely to have a limited impact in the short to medium term on the existing proportion of short-term holiday lets or second homes in a community. However, it might help to reduce the number of future purchases and over the longer term it may be helpful as part of a wider suite of responses to address issues associated with second homes.

This consultation seeks views on how changes can be made to LTT to give more opportunity to people who are looking to buy homes for permanent occupation. In particular, the consultation proposes local variations of LTT to reflect the challenges faced by some communities and seeks views on:

- the size of the areas in which local variations could take place, for example across local authority areas or within smaller communities

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- the procedure for identifying the areas where different rates may apply
- the types of transactions that could be subject to different rates in local areas.

There is no single definition of a second home. The Welsh Government is currently working to consider how we define second homes across our work. It may be one agreed definition can be used in future, or that definitions can be more closely aligned. Equally, though, we may conclude there are good reasons for different definitions used for different purposes. In this consultation, “second home” refers to a dwelling which is not the owner’s main residence and is used on an occasional basis by the owner, their family and friends. “Short-term holiday let” refers to a dwelling which is not the owner’s main residence and is regularly let on a commercial basis. Some properties will fall into both the category of “second home” and “short-term holiday let” based on these definitions. We are currently consulting on [changes to planning legislation and policy](#) which proposes a property would be classed as a second home if it is occupied for 183 days or less and a short-term holiday let if it is let for not longer than 31 days for each period of occupation.

Land Transaction Tax higher rates

The current position

LTT replaced stamp duty land tax (SDLT) in Wales in April 2018. LTT is a national tax payable on the purchase of land or property in Wales. There are different rates and bands for different types of transactions which apply wherever in Wales a property is bought. It is collected and managed by the Welsh Revenue Authority (WRA) for the Welsh Government.

The higher residential rates (higher rates) generally apply when a company purchases a dwelling, or an individual purchases a dwelling and they already own one or more dwellings. The higher rates of LTT have applied since LTT replaced SDLT and were initially set at an additional 3 percentage points on top of the main rates, before being increased to an additional 4 percentage points on

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22 December 2020.

LTT residential main rates

Price threshold	LTT rate
The portion up to and including £180,000	0%
The portion over £180,000 up to and including £250,000	3.5%
The portion over £250,000 up to and including £400,000	5%
The portion over £400,000 up to and including £750,000	7.5%
The portion over £750,000 up to and including £1,500,000	10%
The portion over £1,500,000	12%

LTT higher residential rates

Price threshold	LTT rate (main rate +4%)
The portion up to and including £180,000	4%
The portion over £180,000 up to and including £250,000	7.5%
The portion over £250,000 up to and including £400,000	9%
The portion over £400,000 up to and including £750,000	11.5%
The portion over £750,000 up to and including £1,500,000	14%
The portion over £1,500,000	16%

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The higher rates mean that people who already own a main residence and purchase a second home currently pay more LTT than people who are purchasing their only dwelling. Similarly, people who purchase a dwelling to use as a short-term holiday let also currently pay more LTT than someone purchasing their only dwelling. Short-term holiday let purchases by companies also currently pay more tax. However, as the higher rates apply to all additional dwellings purchased by individuals and all purchases by companies, these rates also apply to other types of transactions, many of which are not generally considered to be second homes or short-term holiday lets.

The higher rates of LTT can also apply to the purchase of:

- buy-to-let properties to provide rented accommodation to be occupied as a main residence
- properties which are purchased prior to completing the sale of a previous property (refunds can be claimed if it is replacing a previous main residence which is sold within 3 years of the purchase of the new main residence)
- properties purchased to provide a home for family members or dependents such as when jointly purchased between an adult child and their parents for occupation by the adult child, or to provide a primary residence for a dependant elderly or vulnerable relative,
- properties acquired to renovate and resell,
- properties bought by residential social landlords (however relief can often be claimed),
- properties bought by an employer to provide accommodation necessary for the performance of their employee's work
- properties bought for other business purposes such as for accommodation provided to vulnerable or infirm people
- properties bought by local authorities
- properties bought so that a person with a primary residence elsewhere has a home close to where they work.

The primary purpose of LTT is to raise revenue to fund essential public services in Wales, and the higher rates provide a significant proportion of the revenue raised by the tax. In 2020-21, the revenue raised by the additional tax due under the higher rates was £66 million of the £154 million revenue from all residential transactions. The proportion of tax raised from the higher rates was particularly

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high in that year, due to the combined effects of the increase of 1 percentage point across all bands for the higher rates from 22 December 2020 and a temporary increase in the zero rate threshold for residential main rates from 27 July 2020 until 30 June 2021, which did not apply to the higher rates. However, in previous years, the higher rates have still contributed a significant proportion of revenue raised. In 2019-20, the revenue raised by the additional tax due under the higher rates was £60 million of the £161 million revenue from all residential transactions.

Proposed changes

While the primary purpose of LTT is to raise revenue, how revenue is raised can be aligned to wider policy objectives, including addressing the impact of large numbers of second homes and short-term holiday lets in some communities. At this stage, it is not possible to estimate the impact potential changes may have on revenues, as this will depend on a number of factors this consultation seeks views on, as well as the rates applied. Depending on the policy design, the potential changes could increase revenues if taxes are increased. However, changes to taxes are also likely to result in some behavioral responses, such as a reduction in transactions, which may partly or completely offset any potential revenue increase. A reduction in some types of transactions may be desirable, especially if this alters the transaction and occupancy mix in areas, with a higher proportion of main rates relative to higher rates transactions. Therefore the aim of these potential changes would be to contribute to policy outcomes not to increase revenues. However, the proposed changes may also lead to changes in revenue which in turn may have potential implications for the Welsh Government's overall resources.

The research commissioned by the Welsh Government and that undertaken by Dr Simon Brooks, both highlight the localised nature of second homes. Therefore, Welsh Government consider that it is appropriate to investigate the role LTT can play in providing a local response.

The report by Dr Brooks recommends:

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“ It should be possible to vary the higher rates of the land transaction tax in either counties or local government wards in order to reflect local circumstances. To achieve this:

- “ i. The Welsh Government could delegate to county councils a right to vary the higher rates of the land transaction tax, potentially adding a further rate to the tax of up to 4% of the value of the second property in some parts of Wales.
- ii. Or, the Welsh Government could vary the higher rates of the land transaction tax in this manner in specific local government wards heavily affected by the second homes problem.” ”

Whilst the report recognises that there are potentially different ways changes to LTT could reflect the challenges that large numbers of second homes and short-term holiday lets can cause in some communities, it should be noted that it is not possible to delegate to local authorities responsibility for setting rates of LTT without a change to UK primary legislation. The Government of Wales Act 2006 (GOWA), as amended by the Wales Act 2014, enables the Senedd to legislate about devolved taxes including LTT. The GOWA does not allow the Senedd to delegate these powers to another body, such as local authorities. As LTT is a devolved national tax and not a local tax, it is not possible for the Senedd to enable local authorities to enact changes to LTT rates in their areas. It would be possible for local authorities to make representations to the Welsh Ministers in relation to the variations of higher rates of LTT in their areas. However, only the Senedd can legislate for LTT and Welsh Ministers would remain responsible for any decision to vary LTT rates.

It is therefore proposed that the Welsh Government could provide for increased rates of LTT for some transactions in areas which are identified as requiring support to manage issues associated with second homes and short-term holiday lets.

Q.1. Do you agree that the Welsh Government should increase rates of LTT for second homes and short-term holiday lets in areas where there is an evidenced case to do so?

Currently, as a national tax, there is no existing framework for local variations within LTT and there are a number of decisions which would need to be made about how local variations could be provided for and we are therefore also seeking views on how any changes should be applied.

Size of areas where variations could be made

If the Welsh Government is to increase rates of LTT for second homes and short-term holiday lets in specified locations, this could be done for larger areas, such as a local authority area, or for smaller areas, such as a local authority ward.

There is significant variance in the proportion of second homes between local authorities. In August 2021, Wrexham, Torfaen and Blaenau Gwent reported the lowest proportions of second homes chargeable for council tax, each with fewer than five properties recorded as chargeable second homes ([Council Tax chargeable second homes in Wales](#), ONS 2021). Other local authorities reported much higher proportions of chargeable second homes, with Gwynedd and Isle of Anglesey reporting the highest proportions of chargeable second homes (9.5% and 8.1% respectively). One approach to local variations of LTT rates would be to apply increased rates for second homes and short-term holiday lets in local authority areas where there are issues associated with second homes and short-term holiday lets.

The evidence also shows significant variance in the proportion of second homes within local authorities. For example, while Gwynedd has the overall highest proportion of chargeable second homes, there are areas within Gwynedd where the proportion of chargeable second homes is as high as 29.9% and others where the proportion is as low as 0.69% (proportion of dwellings which are chargeable to council tax which are classed as second homes for middle layer super output areas, [ibid](#)). An alternative approach to local variations of LTT

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rates is to apply increased rates for second homes and short-term holiday lets in very local areas, such as particular wards or postcodes.

Any local variations of LTT would create additional LTT borders which would add complexity to the tax system. Varying rates between local authorities would allow LTT to reflect local circumstances, while limiting the potential number of new LTT borders. Using local authority areas would also align with the borders for council tax and therefore reflect existing property taxation borders.

The purpose of local variations of the higher rates would be to enable increased tax on the purchase of second homes and short-term holiday lets in areas where the prevalence of these properties causes issues for local communities. An alternative option would therefore be to vary the rates in more local areas where there are high densities of second homes and short-term holiday lets. This approach might be more responsive, with the ability to change the areas where the rates apply over time, as the situation changes. However, it is important to also consider that too frequent changes to rates in different areas would not be consistent with a stable tax system, provide clarity or certainty to taxpayers.

Whichever areas increased LTT rates may apply in, there would need to be regular review of the need for varied rates in each area. However, it is likely that the smaller the area the more likely there will be changes following review. It is also expected that changes to LTT rates will be more effective at slowing the increase of second homes and short-term holiday lets than reducing the number of existing second homes and short-term holiday lets. Increased rates would therefore arguably be most effective in areas where the levels of these properties are not yet problematic, but are at risk of increasing in order to prevent issues from occurring. More of these areas may be covered if rates are varied for larger areas. It may be possible to cover “at risk” communities with a more local approach but this would require a greater number of areas to be included. There may also be greater displacement of second home purchases to other areas if smaller communities have increased rates rather than whole local authority areas.

Q.2. What are your views on whether the size of areas covered by local variations of rates should be local authority- wide or only in

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smaller communities?

Procedure for identifying the areas where different rates may apply

Whichever size of area may be subject to different LTT rates, there would need to be careful consideration of how decisions are made about the areas in which increased rates should apply and a clear procedure for making those decisions.

Consideration could be given to a number of factors to decide whether there is a need for increased rates in a particular area. Relevant factors may include:

- the percentage of dwellings in the area that are either second homes or short-term holiday lets (excluding properties which cannot be occupied for all of the year)
- the average local house price relative to local income
- the potential impact on the Welsh language.

One approach would be for the Welsh Government to specify criteria based on some or all of the factors above (or other factors identified). If the criteria are then met in a given area, the increased rates would apply. This would ensure consistency of application and would provide clarity and certainty. However, robust data for some factors may not be available for smaller areas meaning this approach may not be suitable if there are to be variations of rates in more local areas.

An alternative approach would be for local authorities to present a case for increased rates applying across, or to areas within, their local authority area. Local authorities would need to evidence the need for increased rates in a given area, by reference to relevant factors (such as the three referred to earlier). This approach would potentially allow for more nuanced consideration of the issues present within areas and take account of local considerations. There could be resource implications for local authorities to be able to undertake this work, however, evidence about areas affected by second homes and short-term holiday lets is something local authorities in many areas are already gathering

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as part of other activities to manage their impact and to help inform other elements of their responsibilities and activities.

Q3. In your view, what procedure should be used to determine whether an area should be subject to increased rates?

Q4. If criteria are used to determine which areas are subject to increases in rates, what do you think the criteria should be?

In addition to first determining that specified areas should be subject to changes in rates, there would be a need to review regularly the appropriateness of increased rates continuing to apply in those areas. Similarly, it would be necessary to determine whether other areas should also be subject to increased rates. It would be important to establish an appropriate review period which allows changes in circumstances to be appropriately reflected while also providing a reasonable degree of stability and certainty.

Q5. What are your views on how regularly areas where increased rates apply should be reviewed?

Transactions which should be subject to locally varied rates

In addition to considering the areas where it would be appropriate to have variations of LTT rates, we would also like to receive views on the types of transactions which should be subject to increased rates in some areas.

One approach would be to vary the existing higher rates by location, such that the existing higher rates continue to apply across Wales but at increased rates in specified areas. All transactions which are currently liable to the higher rates would either continue to pay the existing national higher rates or the increased higher rates which apply in the area where the property is located.

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An alternative approach would be to introduce new rates to apply only to the purchase of second homes and short-term holiday lets within specified areas. All other transactions which are liable to the higher rates in that area would continue to be charged at the existing higher rates.

Introducing new rates to apply only to the purchase of second homes and short-term holiday lets would allow a more targeted response to the issues associated with second homes and short-term holiday lets in some communities. By taking this approach, there would be no effect of any increase in rates on other types of transactions liable to the higher rates.

If the existing higher rates are increased there may be implications for the private rental sector, in particular there may be an impact on the availability of, and rent payable on, property available for long term rent. Increasing the existing higher rates would also increase the tax on other types of transactions, including bridging between the purchase of a new home and the sale of a previous home. While refunds of the higher rates are available for the replacement of a main residence, if the former main residence is sold within 3 years of the purchase of the new main residence, increased upfront costs may make bridging unviable in some cases.

If separate rates for second homes and short-term holiday lets are not introduced the impact of any increase on other types of transactions would have to be considered in determining whether an increase in the higher rates would be appropriate for the area overall.

However, separate rates for second homes and short-term holiday lets would require the intended use of a property to be considered at the point of purchase. Currently the tax payable is based on the facts at the time of the transaction, including whether at the end of the day the purchaser will own more than one dwelling. Considering intended use would add significant complexity to the operation of LTT as taxpayers may have mixed or uncertain intentions, or that intention may change over time. An approach based on the purchaser's intended use for a property is subjective, and therefore open both to error and potential abuse.

The size of areas to which increased rates may apply might influence whether it

is necessary to introduce separate rates for second homes and short-term holiday lets only. For example, if the rates are to be increased across an entire local authority area, then it may be more beneficial to have separate rates for second homes and short-term holiday lets to minimise impact on other types of transactions. This may be particularly so if there are areas within the local authority where there are lower levels of second home ownership, and/or significant reliance on the private rented sector to provide housing. However, if rates are varied at a more local level, then a smaller number of transactions will be affected by the increased higher rates. This in turn may reduce the need to apply the rates only to second homes and short-term holiday lets.

Q.6. What are your views on:

- varying the existing higher rates for all higher rate transactions within a specified area? or
- introducing new rates applied only to purchases of properties intended to be used as second homes or short-term holiday lets within a specified area?

Q.7. Does the size of the area (the whole of the local authority or smaller areas within it) in which increased rates would apply influence your views on whether separate rates for second homes and short-term holiday lets are necessary?

If separate rates for second homes and short-term holiday lets are considered appropriate, there would be a need to specify which higher rate transactions would be subject to the new increased rates and which would remain subject to the existing rates. The challenges posed by considering the intended use of the property may mean that the clearest way to express which rates apply to each transaction may be to specify which property transactions will continue to pay the existing higher rates and that all other transactions will pay the new increased rates for second homes and short-term holiday lets.

This approach would require an exhaustive list of transactions which are currently liable to the higher rates but are not the purchase of second homes or short-term holiday lets. If separate rates were to be introduced, it is proposed

that the following types of transactions would continue to pay the existing higher rates, rather than the increased second homes and short-term holiday lets rates:

- buy-to-let properties to provide rented accommodation to be occupied as a main residence
- properties purchased prior to completing the sale of a previous property (with refund remaining available if the transaction is replacing a previous main residence which is sold within three years of the purchase of the new main residence)
- properties purchased to provide a primary residence for family members or dependants such as a joint purchase between an adult child and their parents for occupation by the adult child or to provide a primary residence for a dependent elderly or vulnerable relative
- properties acquired to renovate and resell
- properties bought by residential social landlords, with current relief remaining available
- properties bought by an employer to provide accommodation necessary for the performance of their employee's work,
- properties bought for other business purposes, such as accommodation provided to vulnerable or infirm people,
- properties bought by local authorities
- properties bought so that a person with a primary residence elsewhere has a home close to where they work if their work requires them to be in that location
- properties bought as a second home/short-term holiday let, where the property has restricted occupancy conditions such that it could not be occupied for all of the year

It is proposed that if increased rates are introduced, they should apply to both second homes and short-term holiday lets. Short-term holiday lets make an important contribution to the tourism economy in Wales. However, many of the issues which are associated with second homes are also associated with short-term holiday lets. As it is proposed that increased rates will only apply in local areas where there are issues associated with these types of properties the Welsh Government currently takes the view it would be proportionate for increased rates to also apply to short-term holiday lets. However, some

properties used as second homes or short-term holiday lets are subject to restrictions which mean the property could not be occupied for all of the year. As these properties cannot legally be occupied as permanent homes, it is proposed increased rates should not apply to these types of properties.

Q.8. Do you agree short-term holiday lets should be subject to any increased rates, as well as second homes? Please explain your answer.

Q.9. Do you agree properties which cannot be occupied for all of the year should not be subject to any increased rates? Please explain your answer.

Q.10. Are there any current higher rates transactions, other than second homes and short-term holiday lets, for which you think increased rates may also be appropriate? Please explain your answer.

If there are separate rates for second homes and short-term holiday lets, a “claw back” mechanism may be necessary to allow for tax to be charged where actual use differed from the intended use at the point of purchase. This would not be required if the existing higher rates are varied as intended use is not a relevant consideration. In LTT there are situations where relief must be clawed back in the event that changes happen following the date of the transaction (for example, group relief must be withdrawn if the buyer of a property from another group company leaves the group within three years of the date of the transaction). The rules apply so that if the taxpayer’s claim to relief would not have been valid at the date of the transaction if the subsequent event had been present at or before the date of the transaction, then the taxpayer must reassess their liability and send in a further return to pay the additional tax.

If local rates applied to second homes or short-term holiday lets only, there are likely to be circumstances where the use of a property changes over time. For example, there may be circumstances where a person acquires a property for

use as a buy-to-let property and rents it on a long term basis as a permanent home for a period of time but then begins to let the property as a short-term holiday let. In such circumstances it may be desirable for the taxpayer to have to pay the additional tax that would have been payable if their intention at the date of purchase had been to use the property as a short-term holiday let. It would be important for a rule to ensure that where that intention changes within a period of time after the transaction, that the tax regime, and the Welsh Government's policy intention, is not damaged by that intention changing shortly after the transaction. Conversely, there may be times where a property is acquired with the intention to use it as a second home or short-term holiday let and that use changes to one that would not have been liable to the increased rates of LTT.

It is proposed that clawback rules will be necessary if increased rates of LTT are charged on purchases of property intended to be used as a second home or short-term holiday let. However, we are seeking views on whether a clawback period is appropriate to address changes in intended use of the property, what period of time that clawback period should cover, and if a refund period should also be provided.

Q11. Do you agree that there should be a clawback rule so that if within a specified period after the date of the transaction, the use of the property changes to one on which increased rates would have been payable, the taxpayer should have to submit a new return and pay the additional tax?

Q12. Are there any circumstances where such clawback rules would apply, but you do not consider that it would be appropriate or fair?

Q13 If a property was bought where the buyer's intention was to use it as a second home or short-term holiday let but it is not then used in this way, do you think the taxpayer should be able to claim a refund of the additional tax?

Q14. What length of time do you think would be appropriate for a clawback and/or refund period?

Q15. If rates are introduced which require consideration of intended use, do you have any comments on how the design could make it simpler for taxpayers to comply with by minimising the scope for error?

Effects on the Welsh language

Some areas which have a high proportion of second homes and short-term holiday lets, may also be communities which have a high density, or a tradition, of Welsh-speaking residents and where Welsh is a community language. The impacts of second homes in some communities may therefore also have an effect on Welsh language use and the long term sustainability of Welsh speaking communities. However, as reported by Dr Brooks, whilst the increase of second homes in communities may have a negative impact on the Welsh language, the

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sudden reversal of this, with second homes being reverted to main residences, may have a negative effect on the Welsh language (**Second homes: developing new policies in Wales** report by Dr Simon Brooks). In that context, LTT could be considered to be relatively more effective at reducing the extent to which some communities may see second homes and short-term holiday lets proliferate in the longer term, rather than a more immediate decrease in the number, with its effects being more over the medium to long term.

To help inform our understanding of how LTT may affect the Welsh language and particularly those communities which predominately use it, we would like to know your views on the likely effects that the proposals could have on the Welsh language. Specifically, we would like to know how the proposals may affect opportunities for people to use Welsh so that its vitality is protected so that it can thrive.

Q16. What effects do you think these proposals may have on the Welsh language and communities who predominately use Welsh? How could positive effects be increased, or negative effects mitigated?

Q17. We have asked a number of specific questions. If you have any additional points related to LTT for second homes and short-term holiday lets which have not specifically addressed, please make them here.

Next steps

Once the consultation has closed, the Welsh Government will analyse all the responses and publish a summary on our website. The responses will inform the development of broad policy about second homes and LTT for second homes. The Welsh Government will make a decision on how to proceed with the proposals.

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Consultation questions

Q1. Do you agree that the Welsh Government should be able to increase rates of LTT for second homes and short-term holiday lets in areas where there is an evidenced case to do so?

Q2. What are your views on whether the size of areas covered by local variations of rates should be local authority- wide or only in smaller communities?

Q3. What are your views on how an area should be determined to be subject to changes in rates?

Q4. If criteria are used to determine which areas are subject to changes in rates, what do you think the criteria should be?

Q5. What are your views on how regularly areas where increased rates apply should be reviewed?

Q6. What are your views on:

- varying the existing higher rates for all higher rate transactions within a specified area? or
- introducing new rates applied only to purchases of properties intended to be used as second homes or short-term holiday lets within a specified area?

Q7. Does the size of the area (the whole of the local authority or smaller areas within it) in which increased rates would apply influence your views on whether separate rates for second homes and short-term holiday lets are necessary?

Q8. Do you agree short-term holiday lets should be subject to any increased rates, as well as second homes? Please explain your answer.

Q9. Do you agree properties which cannot be occupied for all of the year should not be subject to any increased rates? Please explain your answer.

Q10. Are there any current higher rates transactions, other than second homes

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and short-term holiday lets, for which you think increased rates may also be appropriate? Please explain your answer.

Q11 Do you agree that there should be a clawback rule so that if within a specified period after the date of the transaction, the use of the property changes to one on which increased rates would have been payable, the taxpayer should have to submit a new return and pay the additional tax?

Q12. Are there any circumstances where such clawback rules would apply, but you do not consider that it would be appropriate or fair?

Q13 If a property was bought where the buyer's intention was to use it as a second home or short-term holiday let but it is not then used in this way, do you think the taxpayer should be able to claim a refund of the additional tax?

Q14. What length of time do you think would be appropriate for a clawback and/or refund period?

Q15. If rates are introduced which require consideration of intended use, do you have any comments on how the design could make it simpler for taxpayers to comply with by minimising the scope for error?

Q16. What effects do you think these proposals may have on the Welsh language and communities who predominately use Welsh? How could positive effects be increased, or negative effects mitigated?

Q17. We have asked a number of specific questions. If you have any additional points related to LTT for second homes and short-term holiday lets which have not specifically addressed, please make them here.

How to respond

Submit your comments by 28 March 2022, in any of the following ways:

- complete our [online form](#)
- [download](#), complete our response form and email

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LTTConsultation@gov.wales

- **download**, complete our response form and post to:

Tax Strategy and Intergovernmental Relations Division
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

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Cathays Park
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E-mail: data.protectionofficer@gov.wales

Information Commissioner's Office

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Telephone: 01625 545 745 or 0303 123 1113

Website: ico.org.uk

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The Welsh Government will be data controller for any personal data you provide as part of your response to the consultation. Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

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You should also be aware of our responsibilities under Freedom of Information legislation. If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by Welsh Government will be kept for no more than 3 years.

Further information and related documents

Number: WG44179

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