

**Welsh Government Consultation on Proposed refinements to the classification of self-catering properties for local tax purposes**  
**Response from Propertymark**  
**September 2025**

**Background**

1. Propertymark is the UK's leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 19,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.<sup>1</sup>

**Overview**

2. The Welsh Government are consulting on proposals to:
  - enable properties on business rates to average their days let over two or three years.
  - enable an allowance of donations to charity for properties on business rates.
  - encourage a stepped transition for properties moving from business rates to Council Tax.

**Summary**

3. We broadly support the Welsh Government's policy aims to ensure fair local tax contributions and address the housing challenges posed by the proliferation of second homes and underused short-term lets. The proposed refinements show a willingness to engage with stakeholder feedback and strike a fairer balance between taxation policy and business viability.

**Questions**

**Question 1. Do you support the proposal to enable days let to be averaged over multiple years?**

4. Propertymark supports the proposal to allow days let to be averaged over multiple years as evidence of compliance with the 182-day letting requirement for self-catering properties. This flexibility acknowledges the seasonal nature of the self-catering market and recognises that occasional shortfalls in occupancy should not lead to immediate reclassification and financial uncertainty for operators.
5. However, Propertymark notes that achieving the current 182-day letting threshold can be challenging for many operators, especially in areas with variable demand or outside peak

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<sup>1</sup> <https://www.propertymark.co.uk/>

seasons. We suggest the Welsh Government consider reducing this threshold to around 120 days, which would better reflect realistic occupancy patterns while still supporting the policy intent of classifying properties operating as genuine businesses.

6. Furthermore, Propertymark encourages extending similar multi-year averaging provisions to the private rented sector (PRS) landlords, who also face fluctuating occupancy and would benefit from fair and consistent taxation policies. It is also important to highlight that these tax policies have significant implications for estate agents who sell second homes. Clear, fair, and stable taxation helps agents advise their clients accurately and supports confidence in the market for second homes and self-catering properties.

**Question 2. Do you support the proposal for an allowance of charitable donations to count towards the letting criteria?**

7. Propertymark supports the proposal to allow up to 14 days per year of charitable donations of short breaks to count towards the letting criteria for self-catering properties. This is a positive measure that encourages and recognises the valuable social contribution made by operators who provide accommodation to disadvantaged or deserving individuals through registered charities.
8. We agree that this allowance should be carefully controlled to prevent misuse, including the requirement that donations must be made through registered charities with appropriate evidence. This ensures the integrity of the policy and that the public benefit is genuine. Additionally, Propertymark encourages the Welsh Government to consider whether similar allowances could be extended to other types of landlords who may wish to make charitable contributions, helping to promote goodwill and community support across the wider rental sector.

**Question 3. Does the proposal to require donations to be made through a registered charity achieve the policy intent?**

9. Propertymark agrees that requiring charitable donations of short breaks to be made through a registered charity effectively supports the policy intent. This requirement helps ensure that the allowance for donated stays genuinely benefits disadvantaged or deserving individuals and prevents potential exploitation or misuse of the system. By limiting the allowance to registered charities with appropriate evidence, the policy maintains transparency and accountability, which is essential for public trust and the fair application of the letting criteria. We believe this approach strikes a good balance between encouraging charitable giving and safeguarding the integrity of the tax classification system.

**Question 4. Do you agree with the Welsh Government's intention to encourage local authorities to support self-catering operators whose properties have moved from non-domestic rates to Council Tax, by charging the standard rate of Council Tax for 12 months before any premium may apply?**

10. Propertymark supports the Welsh Government's intention to encourage local authorities to offer a 12-month transitional period, charging the standard rate of Council Tax before applying any premium when self-catering properties move from non-domestic rates to Council Tax. This stepped approach provides much-needed stability and fairness for operators who may narrowly miss the letting criteria, giving them time to adjust their business operations without facing immediate financial penalties. It also helps local authorities manage transitions smoothly and supports the ongoing viability of self-catering businesses, which are important contributors to local economies and tourism. Furthermore, Propertymark encourages the Welsh Government to consider similar transitional support for private rented sector (PRS) landlords facing tax or regulatory changes, to safeguard the supply of rental homes vital to communities across Wales.
11. Additionally, clear and consistent local tax policies are crucial for estate agents and buyers in the second home market. Predictable transitions reduce market uncertainty and support confidence in property transactions, helping maintain a balanced and functioning housing market in Wales. We urge the Welsh Government and local authorities to adopt flexible, fair approaches that support all property sectors, ensuring a stable market for home buying, selling, and renting throughout Wales.

**Question 5. What, in your opinion, would be the likely effects of the proposals on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.**

1. Do you think that there are opportunities to promote any positive effects?
  2. Do you think that there are opportunities to mitigate any adverse effects?
12. Propertymark recognises that many holiday homes are in areas where the Welsh language is especially strong. We would recommend that the Welsh Government liaises with Welsh language stakeholders and experts to assess the impact on the Welsh language.

**Question 6. In your opinion, could the proposals be formulated or changed so as to:**

1. have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
  2. mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?
13. Propertymark recognises that many holiday homes are in areas where the Welsh language is especially strong. We would recommend that the Welsh Government liaises with Welsh language stakeholders and experts to assess the impact on the Welsh language.

**Question 7. We have asked a number of specific questions. If you have any related points which we have not specifically addressed, please use this space to record them.**

14. Propertymark welcomes the opportunity to provide additional comments related to the Welsh Government's local tax policies for self-catering and other rental properties. We have several points to raise:

- **Consistency Across Property Types:** We encourage the Welsh Government to consider greater consistency in tax treatment and flexibility between self-catering properties and the wider private rented sector (PRS). Many landlords in the PRS face similar challenges with occupancy fluctuations and would benefit from policies that offer stability and fairness, such as multi-year averaging and transitional periods. Greater flexibility could also support the longevity of tenancies which would especially benefit the most vulnerable tenants.
- **Impact on Farm Diversification:** Our members operating in prime tourism areas have also reflected on the impact on agricultural and farming communities. It is important to recognise that many farmers have been encouraged to diversify into tourism through self-catering accommodation as a way to supplement agricultural income and support rural economies. These operators may face particular challenges in meeting the strict letting criteria due to seasonal factors and market variability. Additional flexibility and support for these rural businesses would be beneficial to sustain diversification efforts and rural livelihoods.
- **Review of Land Transaction Tax (LTT) Surcharge:** The current surcharge on additional property purchases under the LTT remains a significant barrier for current landlords to expand their portfolios and new landlords to enter the market, impacting the supply and affordability of rental homes in Wales. We recommend a review of all property taxation and costs impacting private landlords so the Welsh Government have a greater understanding of the impact of recent decisions and implement measures to support a healthy and sustainable PRS market, which is essential to meeting housing demand.
- **Supporting Local Housing Markets:** Taxation policies should balance the need to discourage the negative impacts of second homes on communities while ensuring that responsible landlords and operators can continue to provide valuable housing and accommodation. This includes recognising the role of estate agents who facilitate these transactions and ensuring they have clear guidance to advise clients effectively.
- **Communication and Guidance:** Clear, accessible guidance and timely communication from both the Welsh Government and local authorities are essential. Propertymark supports initiatives to improve awareness among property owners, agents, and local authorities about classification criteria, transitional arrangements, and available support.

- **Ongoing Monitoring and Engagement:** Given the evolving nature of the self-catering and rental markets, we encourage the Welsh Government to maintain ongoing dialogue with stakeholders, including Propertymark and its members, to monitor the impact of these policies and consider further refinements as needed.

15. Propertymark would like to thank the Welsh Government for the opportunity to discuss our views on this matter, and we look forward to continuing to work collaboratively with the Welsh Government to support policies that benefit communities, landlords, operators, and the wider housing market