

Council Tax Premiums: Serviced Accommodation

1. Background and policy context

- 1.1 The Levelling-up & Regeneration Bill achieved Royal assent on 26 October 2023.
- 1.2 The Levelling-up & Regeneration Act ('the Act') allows councils to: i) Levy a Council Tax premium on second homes of up to 100% subject to formal full Council approval one year in advance of introducing the levy, and; ii) Levy a Council Tax premium on empty properties at an earlier point (reducing from two years to one year) from 1 April 2024.
- 1.3 Approval was obtained at Strategy, Finance & City Regeneration Committee on 25 January 2024 to apply the current 100% premium applicable to long-term empty and unfurnished properties after one year instead of two years from 1 April 2024 as permitted by the Levelling Up & Regeneration Act 2023.
- 1.4 Approval was obtained by Full Council on 1 February 2024 for a new 100% Council Tax premium to be applied to empty furnished properties (second homes) from 1 April 2025.
- 1.5 Following these approvals, a clarification to the premium determination is required in relation to serviced accommodation.

2. Serviced accommodation

- 2.1 Serviced accommodation generally offers fully furnished homes (apartments, houses) for short to medium stays, blending the comfort of a home with hotel-like services, including kitchens, WiFi, cleaning, and utilities. This makes them popular for business travellers, relocations, or tourists seeking more space, privacy, and flexibility than a traditional hotel, with rates often dropping for longer bookings.
- 2.2 Serviced accommodation is not specifically covered by the Act. They are not one's main home and so the premium for empty furnished properties does not apply.
- 2.3 There may be instances where serviced accommodation is liable for business rates. This is determined by the Valuation Office Agency (VOA), not the local authority, and based on certain criteria. To be rated for business rates, a short-term let in England must meet all the following conditions as of 1 April 2023:
 - It must have been available for commercial letting for short periods for at least 140 nights in the previous 12 months.

- It must have been actually let commercially for at least 70 nights in the previous 12 months.
 - It must be the owner's intention to make it available for commercial letting for at least 140 nights in the upcoming 12 months.
- 2.1 Properties that do not meet these criteria are liable for council tax. However, because serviced accommodation does not meet the criteria of an empty furnished property the 100% Council Tax premium cannot be applied.
- 2.2 To ensure transparency and clarity of Brighton & Hove's premium determination, approval is sought for serviced accommodation to be an exemption.
- 2.3 If approved, this will come into effect from 1 April 2026.
- 3. Supporting Documentation**
- 3.1 [Council Tax premiums on second homes](#) presented to Strategy, Finance & City Regeneration Committee on Thursday 25 January 2024 (item 92)
- 3.2 [Council Tax premiums on second homes](#) presented to Full Council on Thursday 1 February 2024 (item 85)