

Consultation on the proposed refinements to the classification of self-catering properties for local tax purposes

Q1. Do you support the proposal to enable days let to be averaged over multiple years?

No

Comment:

Self-catering accommodation is a popular type of on farm non-agricultural diversification; often making use of already existing but otherwise obsolete structures such as redundant barns etc which have no functional use in modern agriculture.

Over the past few years, agricultural businesses have been encouraged by Welsh Government to diversify in order to provide a relatively stable source of income to counteract the volatile and potentially declining income provided by agricultural activities. For many farming businesses, self-catering accommodation is a necessary diversification and should therefore be facilitated rather than restricted. NFU Cymru has had concerns that self-catering properties, on farms that are let out for holiday accommodation, could dip below the 182 day threshold for NDR due to their remoteness and inability to attract customers for the growing trend of short breaks of less than a week.

Allowing averaging will also assist where Easter falls either just before or after the 12 months in question since school and bank holidays over this period are more likely to attract bookings. However this does not go far enough to help self catering businesses who simply cannot reach the very high booking rate of 182 days. It is our belief since the inception of the rule, that the Welsh Government's own figures state that over night stays, up to 2024, fell by 29% and falling further in 2025. The averaging concept will therefore not help. The issue is that the 182 day threshold is too high for properly functioning holiday lets that contribute to so much to the tourism economy in Wales.

The simplest way to solve the issue is to reduce the 182 day rule.

Q2. Do you support the proposal for an allowance of charitable donations to count towards the letting criteria?

Yes

Comment:

NFU Cymru does support this proposal since it gives property owners an opportunity to meet the letting criteria and also assists a charity. NFU Cymru's concern though is that the current situation with charitable letting donations may be a deterrent for making such donations in the current financial climate, even where a property owner wishes to do so.

The fundamental issue is that the 182 day threshold is too high for genuine self catering accommodation businesses to function to the best serve society.

The principle of allowing charitable donations of course sits right with our membership, but the overriding issue is that the increased running costs is leading to very narrow margins or indeed losses, which will diminish the desire to make such offerings to those in need. This is an unintended consequence of the 182 day rule.

Q3. Does the proposal to require donations to be made through a registered charity achieve the policy intent?

No

Comment:

NFU Cymru believes that limiting it to only registered charities could exclude bodies such as community sports clubs, schools or other non-registered organisations carrying out charitable work, from benefitting from the allowance.

It can also sometimes be difficult to know whether an organisation carrying out charitable work is registered or not and ratepayers may be penalised when acting in good faith.

The way in which the donation might be dealt with could vary. For example, a property owner might donate a free stay in their property for a charity auction or raffle prize. Alternatively, the donation might be more of a direct benefit to a charity, for example, where a children's charity is given the opportunity to use the accommodation as part of a wider holiday for the children in their care.

NFU Cymru does not believe there is a need to complicate things. If the 182 day rule were to be reduced, there should be discretion for genuine businesses to make their own judgement and tailor their offering to the market.

We are aware that other organisations have suggested a 105 night option. This does appear to be a more realistic target.

Q4. 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?

Yes

Comment:

NFU Cymru agrees with this proposal as we are aware of some members who have been charged premiums where they have fallen below the 182 days which can significantly affect business viability of that element of the business but also the wider farming business. In these cases, the property has not had any other use other than a holiday let.

The current situation with central Government on changes to Inheritance Tax and Capital Gains, is pressing very hard on our members at present. We have examples where derelict barns have been converted, providing places to form wonderful memories, providing jobs and a vibrant rural economy, but planning stipulations have been imposed. For example, it could be difficult to be able to convert to a full time rental property due to planning conditions. Every business is trying their best to survive at present and we would not wish to see the tourism sector in Wales limited by the continuation of the 182 day rule. The figure should be far lower.

Q5. 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.

Do you think that there are opportunities to promote any positive effects? Do you think that there are opportunities to mitigate any adverse effects?

Many of our members introduce guests to the Welsh language and culture. This education is an integral part of our communities.

However, as this consultation is devoted to legislation that will impact the continuation of self catering accommodation market, it would be remiss of us not to reiterate the importance of this tourism sector to the balance sheets of farming businesses in Wales.

Offering a widespread number of options for tourists to stay at is vital. What we have is an unfair playing field where some businesses are being exposed to the 182 day rule, where as other diversifications are not. NFU Cymru believes that one part of the accommodation market should not be unfairly penalised. Genuine Welsh self catering businesses should be supported, these are the backbone of rural Wales which provide employment, charitable donations and community benefits. Two thirds of owners live within ten miles for their holiday let property. Hosting tourists is a huge opportunity to illustrate the wonderful fabric of Wales. Where second homes have been purchased, this exercise decimates a community rapidly, schools are not used locally, pubs and shops are not used regularly, and the cost of running basic provisions in rural communities increases per capita. It is therefore vital this is fully understood.

Q6. In your opinion, could the proposals be formulated or changed so as to:

have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

The simplest method to see a quick positive turnaround is to reduce the 182 night rule. NFU Cymru had been concerned with it's inception and the unintended consequences have inevitably resulted. NFU Cymru contend that there needs to be distinction between genuine Welsh self catering businesses and second homes. NFU Cymru welcomes this consultation and looks forward to early remedies to be implemented in order to support a thriving, busy tourism sector which adds value to the whole of Wales.

Q7. 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.

It would be remiss of NFU Cymru not to use this opportunity to reiterate the situation.

Many of our members have diversified over the years, with the support of Welsh Government. Some members choose not to let at the busiest periods in the farming calendar year, but have very useful income streams from self catering accommodation which do not quite achieve the 182 day rule. A more reasonable figure should be implemented on sound data. A failure rate of 40% of businesses failing to reach the target is simply too high. Change is needed. Risk of failing to reach this target is not only affecting confidence in existing businesses, but also stifling investment and job opportunities in rural Wales. A clear objective based on data should be agreed in terms of the number of properties in Council areas and a more effective data based solution implemented. Concerns were raised prior to the implementation of the policy, and these concerns have materialised. Our members are stressed, with IHT changes they in desperate need to be listened to.

There have been occasions where properties have been placed on the market in rural Wales, they are completely unaffordable for local first time buyers.

Changes to the school holidays is also an issue. Reducing summer holiday weeks will impact many bookings and further compounds the issue.

Maintenance requirements also have to be accounted for. In order to meet very stringent requirements, there is a need to take some down time in order to keep properties up to the required and expected specification. Trying to accommodate every single night, could diminish the amount of time needed to service and maintain properties.

Statistics show that 40% of businesses are failing to meet the 182 day rule, with falling visitor numbers for outside factors, leaves lower margins for businesses to make investments. This will stifle the tourism sector as a whole and lead to a lower service delivery which is not in anyone's interests.

NFU Cymru would like to thank you for this consultation, and sincerely hope the 182 day threshold is reduced as a matter of urgency.

Submit your response

Q8. You are about to submit your response. Please ensure you are satisfied with the answers you have provided before sending.

Organisation (if applicable) NFU Cymru

Q9. If you want to receive a receipt of your response, please provide an email address.

Email address

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