Business rates and self-catering holiday accommodation in Wales

OMB | Personal tax | Property Tax

December 2026



26 November 2026

The Welsh government is proposing exemptions from the actual letting requirement (182 days) for self-catering properties in Wales to qualify as non-domestic and therefore liable for business rates rather than council tax. The CIOT responded to the consultation.

Self-catering properties in Wales are required to meet day-count tests to be classified as non-domestic and therefore liable for business rates rather than council tax. These include a requirement for properties to be let commercially (for short periods) for at least 182 nights in the same 12-month period. Five exemptions from this actual letting condition are proposed in a recent consultation by the Welsh government.

In responding to the consultation, the CIOT pointed to the underlying structural issue arising from the interaction between council tax and business rates, which is

particularly complex for holiday accommodation because of:

- the boundary as to whether the property is classed as domestic or non-domestic; and
- the impact of small business rates relief (SBRR), which means that the most favourable position is to be assessed for business rates but qualify for SBRR.

This complexity means that similar businesses are not always treated in the same way, leading to distortions and potentially unintended consequences.

Regarding the five proposed exemptions from the actual letting requirement, we agreed that they are broadly sensible, as they reflect the policy intent of excluding certain limited types of property that cannot be used as permanent homes from the domestic classification.

However, our main concern is the potential for increased administrative burdens for small businesses where the exemptions involve a significant subjective element. This applies particularly for the 'wider business' exemption (for businesses such as wedding venues or leisure parks) and the 'property on the owner's farm' exemption (for example, annexes, converted outbuildings and lodges that share a registered title with the owner's main residence).

We suggest the introduction of an annual declaration in the proposed duty to notify, so that eligibility for the exemptions can be monitored. A tailored duty to notify form could also be created to ensure that relevant information is captured consistently, allowing the Valuation Office to review the status of the property. We also suggest that safeguards may be needed to prevent manipulation of planning consents or merger of title to take advantage of two of the exemptions.

The full response is at: tinyurl.com/3znjtkbe.

Kate Willis *kwillis@ciot.org.uk*