# New VOA tax rules push small holiday let businesses like Blackpool’s Westward Holiday Apartments towards bankruptcy



# Impacts of New Tax Rules on Small Holiday Let Businesses

Judith Robbins, a 75-year-old holiday let manager in Blackpool, is facing a financial crisis after six of her self-catering flats were reclassified as "second homes." This change, enacted by the Valuation Office Agency (VOA), has left her saddled with an estimated £9,000 annual council tax bill, significantly higher than the £3,500 she previously paid in business rates. With the new classification, Robbins fears bankruptcy after managing the Westward Holiday Apartments for over two decades. “I read in the newspapers about this second homes crackdown, but we never considered for a moment it would impact us,” she expressed, highlighting a common sentiment among operators in similar situations.

The government's reclassification aims to address the growing concerns surrounding the impact of holiday lets on local housing markets. The reforms were introduced alongside a crackdown on tax loopholes, which had seen many second home owners falsely claim their properties as holiday lets to benefit from reduced business rates. Under the new rules, effective from April 2023, owners must demonstrate that their properties are rented out for a minimum of 70 days each year and available for letting for at least 140 days, necessitating substantial evidence to qualify for tax relief.

Across the UK, these changes have prompted widespread reclassifications, with over 9,000 properties, particularly in tourist-heavy areas, falling under the new definitions. Ian White from hotel association Stay Blackpool noted that he had heard from eight other business owners facing similar dire circumstances. He indicated that the traditional holiday flats, which are vital to Blackpool’s economy, are now at risk, causing many to contemplate selling their businesses due to sales-to-invoicing debt discrepancies.

This scenario unfolds against a backdrop of rural and coastal communities struggling with housing shortages exacerbated by the proliferation of second homes and short-term rentals. Tim Farron, MP for Westmorland and Lonsdale, remarked on the critical state of housing in such areas, noting, “You get a situation where so many properties are gobbled up by non-permanent residents that there is nowhere for local people to live.” In some regions, second homes or holiday lets constitute more than half of the housing available, making clear the necessity for legislative adjustments.

The VOA has acknowledged the financial strain these new regulations impose on small operators. However, it maintains that the changes are requisite for ensuring that those profiting from holiday lets contribute fairly to local services. A government spokesperson commented, “We believe it is right properties should meet these rules.” Yet this robust approach has drawn criticism for its complexity from operators like Robbins, who, despite seeking an appeal, has been informed that the process could extend up to six months.

Meanwhile, local councils have begun responding to the wave of reclassifications. Blackpool Council stated that it has been in contact with many self-catering operators affected by the changes, advising them to reach out to their local MPs for further assistance. This outreach is critical as the economic landscape shifts for these businesses, with small operators increasingly feeling the repercussions of policy changes aimed at regulating the holiday rental market.

Robbins’ grandson, Jordan, voiced the frustration shared by many, stating, “Nobody wants to help, nobody wants to get involved.” As he assists his grandmother in the appeals process, he urges for legislative reform to support families like theirs and preserve the small businesses that rely on income from holiday lettings.

As these tax reforms unfold, the balance between providing fair housing for local residents and maintaining a viable holiday letting sector remains a contentious issue—one that encapsulates broader discussions around economic sustainability in communities heavily reliant on tourism.

## Reference Map:

* Paragraph 1 – [[1]](https://www.bbc.com/news/articles/c4gegkxxlg3o)
* Paragraph 2 – [[2]](https://www.ft.com/content/45a95113-ad84-4bc0-9b30-9f59025b64bf), [[3]](https://www.gov.uk/government/news/gove-closes-tax-loophole-on-second-homes), [[5]](https://www.independent.co.uk/business/no-more-tax-breaks-for-second-home-owners-with-false-holiday-lets-b1992871.html), [[6]](https://www.bishopfleming.co.uk/insights/tax-crackdown-second-homes-april-2023)
* Paragraph 3 – [[1]](https://www.bbc.com/news/articles/c4gegkxxlg3o)
* Paragraph 4 – [[1]](https://www.bbc.com/news/articles/c4gegkxxlg3o), [[4]](https://www.standard.co.uk/news/uk/people-michael-gove-england-government-b976653.html)
* Paragraph 5 – [[1]](https://www.bbc.com/news/articles/c4gegkxxlg3o)
* Paragraph 6 – [[1]](https://www.bbc.com/news/articles/c4gegkxxlg3o)
* Paragraph 7 – [[1]](https://www.bbc.com/news/articles/c4gegkxxlg3o)

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## Bibliography

1. <https://www.bbc.com/news/articles/c4gegkxxlg3o> - Please view link - unable to able to access data
2. <https://www.ft.com/content/45a95113-ad84-4bc0-9b30-9f59025b64bf> - In response to escalating council tax rates, many UK holiday homeowners are opting to pay business rates instead. The number of holiday lets registered for business rates increased from 63,000 in 2020 to 78,000 in 2024. Conversely, the number of homes liable for second homes council tax remains at 263,000. Councils can charge a 100% premium on second or empty homes, prompting many homeowners to switch to the business rates system, which they often find more affordable—eligible homes under £12,000 rateable value qualify for a 100% discount. Hotspots like Cornwall and Dorset have seen significant increases in properties registered for business rates, impacting council tax revenues. Criteria for qualifying for business rates include making the homes available for rent for a set number of days, leading to higher usage of these properties by visitors. ([ft.com](https://www.ft.com/content/45a95113-ad84-4bc0-9b30-9f59025b64bf?utm_source=openai))
3. <https://www.gov.uk/government/news/gove-closes-tax-loophole-on-second-homes> - The UK government has announced measures to close a tax loophole exploited by owners of second homes who falsely claim their properties are holiday lets. From April 2023, owners must prove that their properties are rented out for a minimum of 70 days a year to qualify for business rates relief. Properties must also be available for letting for at least 140 days a year. Evidence such as advertising materials and letting details will be required. This initiative aims to ensure that second homeowners contribute fairly to local services and to protect genuine holiday letting businesses. ([gov.uk](https://www.gov.uk/government/news/gove-closes-tax-loophole-on-second-homes?utm_source=openai))
4. <https://www.standard.co.uk/news/uk/people-michael-gove-england-government-b976653.html> - From April 2023, owners of second homes in England will need to provide evidence that their properties are rented out for a minimum of 70 days a year to qualify for business rates relief. Properties must also be available for letting for at least 140 days a year. Evidence such as advertising materials and letting details will be required. This measure aims to close a tax loophole and ensure that second homeowners contribute fairly to local services. ([standard.co.uk](https://www.standard.co.uk/news/uk/people-michael-gove-england-government-b976653.html?utm_source=openai))
5. <https://www.independent.co.uk/business/no-more-tax-breaks-for-second-home-owners-with-false-holiday-lets-b1992871.html> - From April 2023, owners of second homes in England will need to provide evidence that their properties are rented out for a minimum of 70 days a year to qualify for business rates relief. Properties must also be available for letting for at least 140 days a year. Evidence such as advertising materials and letting details will be required. This measure aims to close a tax loophole and ensure that second homeowners contribute fairly to local services. ([independent.co.uk](https://www.independent.co.uk/business/no-more-tax-breaks-for-second-home-owners-with-false-holiday-lets-b1992871.html?utm_source=openai))
6. <https://www.bishopfleming.co.uk/insights/tax-crackdown-second-homes-april-2023> - From April 2023, owners of second homes in England will need to provide evidence that their properties are rented out for a minimum of 70 days a year to qualify for business rates relief. Properties must also be available for letting for at least 140 days a year. Evidence such as advertising materials and letting details will be required. This measure aims to close a tax loophole and ensure that second homeowners contribute fairly to local services. ([bishopfleming.co.uk](https://www.bishopfleming.co.uk/insights/tax-crackdown-second-homes-april-2023?utm_source=openai))