



Furnished Holiday Let Abolition

The proposed abolition of the Furnished Holiday Let regime risks inflicting severe damage on an industry which is indispensable across the UK, and especially to rural and coastal economies. It is a direct threat to the future viability of the self-catering sector and the many SMEs and micro businesses that are part of it, including many in the Scottish Agritourism community.

The Furnished Holiday Let Regime

The Furnished Holiday Let regime is not a “loophole”. It was specifically designed to provide a [fair tax regime for these important trading businesses](#). It encourages entrepreneurship, investment and it drives growth in rural and coastal areas.

The ASSC is disappointed with the changes announced by the UK Chancellor as we believe that FHLs should continue to enjoy the same tax treatment as any other business. The ASSC and its industry partners consider that the impact of this policy reversal will result in fewer entering self-catering, with FHL properties being sold and probably ending up as second homes, exacerbating housing challenges in communities while providing minimal contribution to the economy.

Many small businesses, including farmers who have been encouraged to diversify into tourism, now face being taxed on more than their net profit. In addition, we consider that ongoing investment for existing businesses will be hit, with possible loss of quality. It will dissuade property owners from investing in their properties, engaging local tradespeople and could ultimately see owners look to reduce costs by reducing staff.

Self-catering is a marginal profit activity, and these rules will see already small profits decline. This effect will be felt most in areas of fragile economy, negatively impacting our island, rural and remote communities.

This policy, in conjunction with short-term let licensing and planning control areas introduced by the Scottish Government represents yet another threat to the sector and may be the last straw for many.

FHLs are not the cause of the housing crisis nor are they the solution to it

We understand concerns in relation to the housing market generally and the availability of affordable homes in local areas specifically. However, [the traditional self-catering sector is not, and has never been, a contributor to the housing crisis](#):

- the number of self-catering units that would be suitable for primary residences is significantly lower than suggested, far less as to be considered affordable;
- there needs to be a clear [distinction drawn between the effect of empty homes, second homes and self-catering units](#), which provide significant value to local economies.

Traditional, responsible self-catering units, or short-term lets (STLs), support communities

‘Short-term lets’ are often presented as being a leading cause of Scotland’s housing crisis. However, it is important to place the debate in a holistic context – for instance, noting the number of empty homes in Scotland, demographic changes, and the need to build more homes – while recognising the value of tourist accommodation to the Scottish economy and local communities.

- The housing challenges facing Scotland are far more multifaceted than the existence and growth of short-term and holiday lets alone. For instance:
- There were [2.7m dwellings in Scotland in 2022](#). Of these 2.7m dwellings, 115,000 (4.3%) were unoccupied. These unoccupied dwellings included:
 - vacant properties (90,700, 3.4% of all dwellings)¹
 - second homes (24,300, 0.9% of all dwellings). There are just 127,000 homes which qualify under the Furnished Holiday Let regime in the UK. That should be seen within the context with the 29 million dwellings across [England and Wales](#) and [Scotland](#), with a further and the 1.5m empty homes in the UK.

Our concerns are also shared by those in the Private Rental Sector and the farming community. The National Residential Landlord Association have said "[Squeezing holiday lets is not the answer](#)". Similarly the NFU have said "[The announcement on the abolition of the Furnished Housing Letting regime is a significant concern as it's an important source of diversification for farm businesses which underpins resilience](#)".

Challenges faced from further policy interventions

The abolition of the FHL regime must be seen as part of a package of regulatory interventions aimed at the self-catering sector, including a proposed statutory registration scheme and new planning use class in England and Short-Term Let Licensing and Planning Control Areas in Scotland.

Any regulations taken forward with regard to the self-catering sector, either at a national or local level, need to be informed by robust empirical data.

Our ask

We call on MSPs and MPs to support traditional self-catering activity, to back farmers and to support the rural pubs, workers and communities that rely on our sector by urging the Government to not introduce any changes to the Furnished Holiday Let regime and instead wait until the Government has a full picture of the market from the statutory registration scheme in England and the Licensing regime in Scotland.

Policymakers should not use holiday accommodation as a means to solve housing challenges in Scotland, instead focusing on building more affordable homes and tackling the scourge of empty properties. Small businesses like self-catering, present in communities for decades, should not be used as a convenient scapegoat for wider failures in housing policy.

At the very least a full consultation and associated Business Impact Assessment of the proposal must be made before it advances.

The industry, as a collective union, look forward to collaborating with all governments to share our expertise, in order to develop a proportionate, justifiable solution and necessary safeguards for a sector that provides excellent value domestic holidays, with monies spent and retained in the UK.

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¹ Vacant properties included those classified as: long-term (six months or more) empty (44,600, 1.7% of all dwellings) unoccupied exemptions (46,100, 1.7% of all dwellings), such as new homes yet to be occupied and dwellings undergoing repair or awaiting demolition.