

Labour's holiday home tax suggests it has some way to go...

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As the [Guardian](#) has reported:

Plans for a new levy on tens of thousands of second homes have been drawn up by Labour in a move designed to ease the housing crisis and generate funds to cut homelessness.

Second properties used as holiday homes would be the target of an annual tax should Labour win the next election, with each property facing an average levy of about £3,000 a year.

I make clear I am in favour of wealth taxation. That would, of course, include paying tax on second homes. But I have some reservations about this policy.

First, it would be better to up the rate on empty properties first of all. [That is a bigger issue and much more widely spread](#).

Second, we simply need more tax bands in council tax [to ensure it is truly progressive](#). The yield would be much higher there.

Third, this tax is going to be abused and avoided, very easily.

Fourth, genuine holiday lets support many rural communities and do deliver employment directly and indirectly - whilst I also recognise all the social divisions they also create.

Fifth, bizarrely the council tax paid on holiday lets may well be tax deductible by those doing the letting, potentially diminishing the real yield quite significantly.

And last, I have real problems with this:

John Healey, the shadow housing secretary, said the tax was needed to raise funds for a homelessness crisis that “shames us all”.

This is just so wrong it is embarrassing to hear a Labour shadow minister suggest it. To think that we can only tackle social housing from a very poorly targeted and designed hypothecated tax shows that Labour still does not understand that tax does not pay for government spending. Nor does it appear to understand that capital spending on social housing can and should be paid for by borrowing or People's Quantitative Easing,, In addition, to suggest what is in effect a hypothecated tax is always a poor idea because if second homes are such a bad idea making new homes dependent on their continued existence is really not sensible - because when the tax eliminates second homes it could then be argued by opponents that we cannot then have the new homes which we would still undoubtedly need at that time in the future.

I wish Labour could get such things right.

This is a small step in what might be vaguely the right direction, but it could and should have been so much better and as it stands it is far too easy to criticise. This then is not what Labour needs to be proposing right now.