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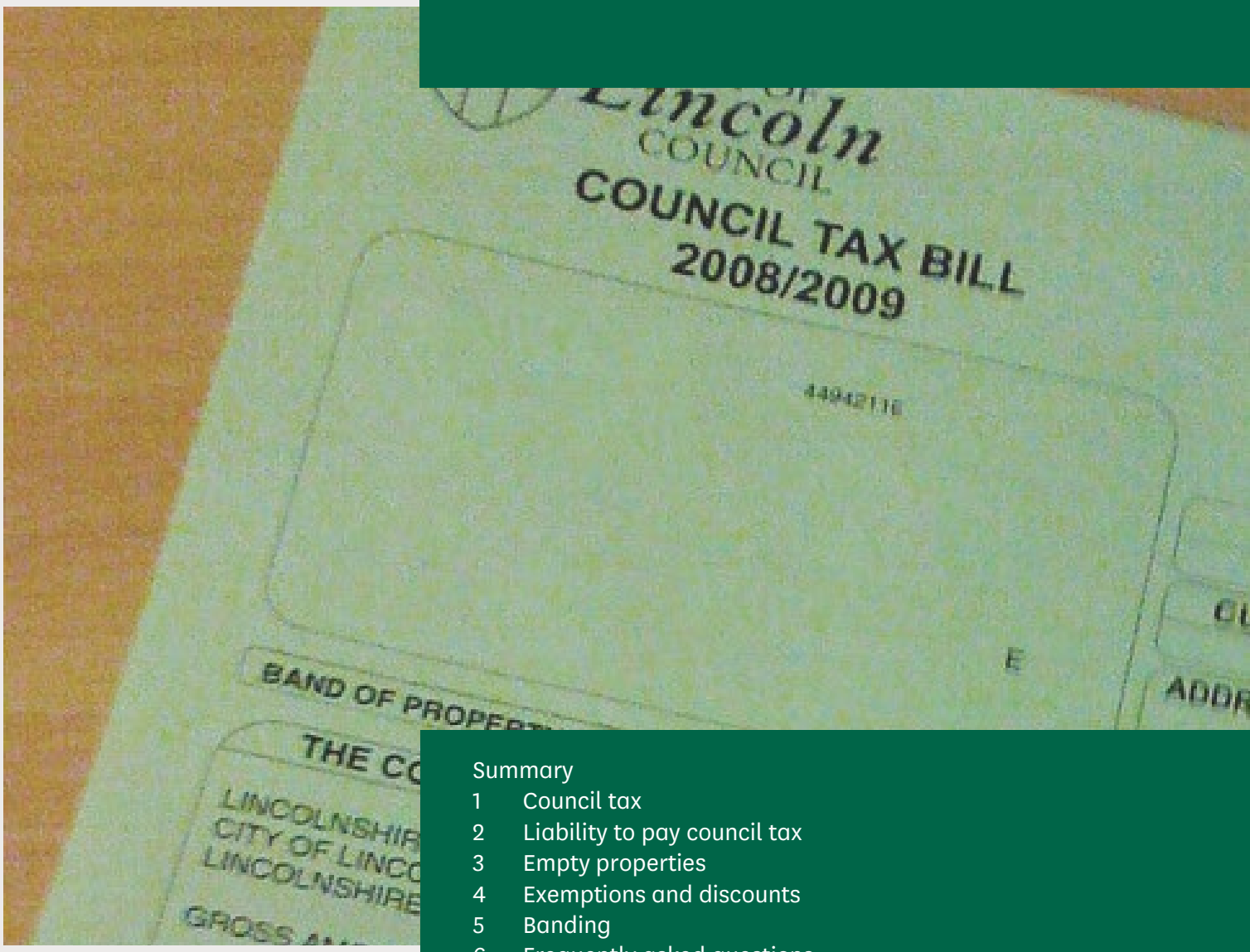
Council tax: FAQs



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Contents

Summary

This briefing paper sets out basic information regarding council tax, including: who is liable to pay council tax; whether exemptions or discounts may be available; how properties are placed in council tax bands; and answers to some frequently asked questions.

This briefing paper should not be relied upon as legal advice or as a comprehensive response to any constituency case. It is for billing authorities (district and unitary councils) to interpret council tax legislation, taking into account all relevant circumstances. If the taxpayer disagrees with their decision, the main route of appeal lies with the Valuation Tribunal for England, the Valuation Tribunal for Wales, or the Valuation Appeal Committee in Scotland.

Many aspects of council tax are governed by national regulations, over which local authorities have no discretion. In other matters, local authorities have discretion – for instance, to apply certain discounts. The Government does not intervene in individual council tax cases.

This briefing paper provides information on the council tax system in England. There are some references to elements of the council tax systems in Scotland and Wales when they diverge from England. It does not cover Northern Ireland, where council tax does not operate.

1 Council tax

1.1 Introduction

Council tax was introduced into England, Scotland and Wales by the Local Government Finance Act 1992. It came into effect as of 1 April 1993, replacing the community charge or 'poll tax'. It was consciously designed as a blend of the community charge and the system of domestic rates, which the community charge had itself replaced in 1990 (1989 in Scotland).

The council tax system is a devolved matter in Scotland and Wales. Northern Ireland was not covered by council tax or community charge legislation: it continues to operate a domestic rating system.

1.2 How local authorities set council tax

The 1992 Act requires each local authority to calculate its budget requirement for each financial year. The authority's council tax must be set to take into account the budget requirement: that is, it must calculate its total budget, the amount it will obtain from other sources (grants, business rates revenue, and other income), and set the council tax so as to fill the gap between the two. That figure is known as the 'council tax requirement'.

Each local authority divides its council tax requirement by the 'council tax base'. This is the number of properties in its area that are liable for council tax, expressed in terms of Band D properties (thus the council tax base may not be a whole number). This gives a figure for the liability of a Band D property. Properties in the other bands will then be liable for a proportion of that sum, using the band ratios found in the tables in Appendix 3.

For each individual property, the billing authority must then apply any valid exemptions and discounts to individual bills. Many of these are mandatory, governed by national regulations (see appendices 1 and 2).

All of the funding raised through council tax can be spent as the local authority sees fit. It is not possible to say that council tax pays for particular local services: it is pooled with revenue from business rates, Government grants and other sources of income.

In law council tax is a tax, not a fee or charge for local authority public services. There is no entitlement to a refund of council tax if a constituent believes that a particular local service has not been provided.

1.3 Valuation

Domestic properties or 'dwellings' are placed in ‘bands’ based on the sale value of the property. The bands differ slightly between England, Scotland and Wales. Full details are set out in Appendix 3.

Banding in England and Scotland is based on sale values on 1 April 1991, and banding in Wales is currently based on sale values on 1 April 2003. There are no current plans for revaluation in England and Scotland. The Welsh government ran a consultation from 12 July to 4 October 2022, on the proposal to base banding in Wales on sale values on 1 April 2023 with effect from 1 April 2025.[1]

Valuations are carried out by the Valuation Office Agency (in England and Wales) through the appointed local listing officer or the Assessors (Scotland); billing authorities do not participate in this and cannot compel the revaluation of single or multiple properties. There are some slight differences in the application of the law between England/Wales and Scotland (see section 7 below).

1.4 Billing

Billing authorities (levying authorities in Scotland) are responsible for sending council tax bills (‘demand notices’), collecting revenue, and applying discounts and exemptions. Billing authorities are district and unitary authorities in England; county and county borough councils in Wales; and in Scotland the levying authorities are local authorities.

Council tax-payers have the right to pay in either ten or twelve instalments per year, at their request. However, they can lose this right, and be required to pay the entire bill at once, under two circumstances:

- Where a reminder notice has been sent for an instalment, but the tax-payer has failed to pay the instalment within seven days of the issue of the reminder notice;
- Where the tax-payer has received two reminder notices in the current financial year and they miss the deadline for the instalment for a third time (i.e., in this scenario, the authority can demand the full amount without the need for a third reminder notice).[2]

Council tax bills may also include ‘precepts’ from other local authorities or public bodies (see section 2.2 below). These include county councils, whose

1 Welsh Government, A Fairer Council Tax, 12 July 2022

2 See regulation 23 of the Council Tax (Administration and Enforcement) Regulations 1992

'precepts' collect substantially more council tax than districts due to their broader range of functions.

Billing authorities must hold a referendum if the percentage rise in a given year is greater than a level set by the Secretary of State (see the Library briefing paper Council tax: local referendums).

1.5 Interpretation of council tax law

In general, it is for billing authorities to interpret council tax law: for instance, to decide whether a resident is entitled to a single-person discount, or whether a property is 'unoccupied and substantially unfurnished'. They must take into account all relevant circumstances and a substantial body of case law.

Constituents who disagree with their billing authority, or the Valuation Office Agency/listing officer, may appeal to the Valuation Tribunal for England or the Valuation Tribunal for Wales, and then the courts (see section 5). Constituents who use the Tribunal or the courts should consider taking legal advice. The information in this note should not be used as a substitute for legal advice. The Government does not itself intervene in individual council tax cases.

2 Liability to pay council tax

2.1 Who has to pay?

Generally, a person will have to pay council tax if they are over 18 and own or rent a home which is on the billing authority's valuation list of domestic property.

The basic liability for council tax attaching to a property assumes that there are at least two adults living in the property. The council tax-payer is said to be **liable** for council tax.

In most cases, the **occupant** of the property is liable for council tax. Owners are liable when a property is empty, and in certain other cases (see the Council Tax (Liability of Owners) Regulations 1992). The legislation provides a 'hierarchy of liability', with liability falling to the highest applicable person in the hierarchy:

1. a resident who lives in the property and who owns the freehold;
2. a resident who lives in the property and who has a lease or who is an assured or an assured shorthold tenant;
3. a resident who lives in the property and who is a protected, statutory or a secure tenant;
4. a resident who lives in the property and who is a licensee. This means that they are not a tenant, but have permission to stay there;
5. any resident living in the property, for example, a squatter;
6. an owner of the property who does not live there.[3]

Thus, for instance, a tenant who lives with a landlord cannot be held liable for the council tax if the landlord fails to pay, because the landlord is at number 1 in the hierarchy and the tenant is at number 3.

If a landlord lets their property out but does not live in it, the tenants, not the landlord, are liable. In that instance, the tenants are at number 2 in the hierarchy and the landlord is at number 6.

[3] Local Government Finance Act 1992 s. 6(2). A separate but similar hierarchy of liability applies in Scotland.

For empty properties, number 6 in the hierarchy will apply.

Where more than one person lives in a property they are **jointly and severally liable** to pay the council tax bill. This means that both or all of them can be pursued for the full amount if the bill is unpaid. However, students, and severely mentally incapacitated people, cannot be held jointly and severally liable.[4]

2.2 What is a 'precept'?

Often, additional amounts known as 'precepts' will appear separately on residents' council tax bills. Precepts are individual charges imposed by different authorities on the **resident**, which are collected via the council tax system. It is not possible to pay a council tax bill but refuse to pay a precept.

The following classes of authority are defined as 'major precepting authorities' in section 39 of the Local Government Finance Act 1992:

- County councils (in two tier areas);
- Fire authorities (where these are separate bodies rather than council departments);
- Police and Crime Commissioners;
- The Greater London Authority (in London);
- Combined authorities.

The following bodies are defined as 'local precepting authorities' in section 39 of the 1992 Act:

- Parish and town councils;
- Parish meetings;
- Charter Trustees.

Some local authorities are also subject to **levies** from other public bodies. A levy is imposed on the **billing authority**, not the resident, and the authority is under a legal requirement to pay it. It may not be separately itemised on the council tax bill. Levying bodies include:

- Combined authorities;
- Joint waste authorities;

4 Local Government Finance Act 1992 section 6 (3-4)

- The Environment Agency;
- Internal Drainage Boards;
- Harbour authorities.

3 Empty properties

3.1 Empty property

The Library briefing paper Council tax: empty properties provides details of the treatment of empty property for council tax purposes. Council tax was originally intended as in part a tax on property and in part a tax on residence to pay for local services when it was introduced. When the legislation establishing council tax was introduced into Parliament, Michael Heseltine, the responsible Minister, said:

> The discount is set at 25 per cent because the basic bill is half the property and half the personal element. It assumes two people, so that where there is only one adult resident he or she gets a discount equivalent to half the personal element, or 25 per cent.[5]

However, empty property discounts have been substantially curtailed since its introduction, so that council tax more closely resembles a property tax today.

3.2 Local discounts: England

Up to April 2013, properties in England could obtain temporary exemption from council tax under a Class A exemption (dwellings undergoing major repair or structural alteration) or a Class C exemption (newly empty properties).

Both of these exemptions were replaced by local discretionary discounts from the 2013-14 financial year. Billing authorities are not obliged to give any discounts to properties falling into these categories: where they do, the range of discounts available varies according to the characteristics of the property. The Government is consulting on updating the regulations regarding Empty property discounts and exemptions (see section 4 below).

In Scotland and Wales, these discounts still remain in place under certain circumstances. Further details are available in the Library briefing Council tax: empty properties.

There is case law on what constitutes an 'empty property' and 'major repair or structural alteration'. It is for the billing authority to decide, in the first

[5] HCDeb 11 Nov 1991 c787

instance, whether a property qualifies for a discretionary discount under either of these categories.

Empty property discounts attach to the property, not to the occupant or owner. A resident who buys a property which has been empty, and does not immediately move in, may find that they are not entitled to a council tax discount, as it has been 'used up' by the previous owner or occupant. Normally a property must be occupied for over six weeks in order to 'reset the clock' for the purposes of empty property discounts.

3.3 Empty Homes Premium

Billing authorities in England may charge an 'empty homes premium', raising council tax to up to 200% of its standard rate, on properties that have been 'unoccupied and substantially unfurnished' for two years or more. Authorities may set the maximum premium, no premium, or any rate in between. There is case law on what constitutes an 'unoccupied and substantially unfurnished' property. Further details are available in the Library briefing Council tax: empty properties.

In England, additional provisions introduced by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 allow for up to 300% to be charged on properties that have been unoccupied and substantially unfurnished for five years (commencing in the 2020-21 financial year) and 400% on properties that have been unoccupied and substantially unfurnished for ten years or more (commencing in 2021-22). Further details can be found in the Library briefing Council tax: empty properties.

In Scotland, the 200% rate may be applied after one year. In Wales, the 400% rate may be applied after one year.

As with empty properties generally, the empty homes premium **attaches to the property**. A person who buys a property that has already been empty for two years, and who then does not move in immediately, may find that they are liable for the empty homes premium straight away. Similarly, there may be properties that had **already** been empty for five years on 1 April 2020 that became subject immediately to the 300% rate. The five-year period begins at the point when the property became empty, not from the date when the 2018 Act passed into law.

If a property is unoccupied and substantially unfurnished for two years and it has previously attracted a different exemption (e.g. death of the liable person), the premium would apply from two years after the property first became empty, **not** from the point at which the first exemption ended. The law does not require multiple exemptions to be applied to a property 'in sequence'.

3.4 Second homes premium

In England, Scotland and Wales, the empty homes premium cannot be applied to holiday homes that are furnished, only to those that are 'unoccupied and substantially unfurnished'.[6]

Since 2017 Wales has operated a separate 'second homes premium', which can apply to any property that is substantially furnished but does not have a permanent resident. It is up to Welsh local authorities to decide whether to apply a second homes premium.

Clause 77 of the Levelling Up and Regeneration Bill 2022/23 would introduce an equivalent power in England. The Scottish Government consulted in April 2023 on introducing a similar power in Scotland.[7]

6 See section 11B (8) of the Local Government Finance Act 1992, inserted by section 12 of the Local Government Finance Act 2012

7 Scottish Government, Consultation Paper: NDR, Council Tax second and empty homes, April 2023

4 Exemptions and discounts

Exemption from liability for council tax, and **discounts** on the amount of council tax payable, are two separate things. Generally, exemption – i.e., no liability to pay council tax – applies to **properties**, whilst discounts – liability for less than the full amount – relate to **people**.

The different classes of mandatory exemption are set out in Appendix 1. Appendix 2 sets out the categories of individual who may attract a discount.

People falling into a discount category are 'disregarded' for council tax purposes. When calculating the number of liable individuals in a property, they are omitted. For instance, in a dwelling inhabited by one liable individual and two who are disregarded, a 25% single person discount would apply. In contrast, two liable individuals sharing with one or more students would not be entitled to any discount.

It is for the billing authority to decide whether an individual falls into a category attracting a 'disregard'. There is case law on this matter.

It is possible for entitlement to discounts or exemptions to be backdated, and thus for a council tax-payer to receive a refund, either at the initiative of the billing authority or following an appeal. If a discount or exemption was sought, evidence would need to be provided that the council tax-payer was entitled to it in previous financial years.

This section does **not** cover all the situations in which an exemption or a discount may apply.

4.1 Can I get a discount on an empty homes premium?

The UK Government published a consultation in July 2023 on extending the range of exemptions from council tax premiums in England. The proposed changes would apply to both the empty homes premium and to the second homes premium.

The proposed circumstances are:

- Properties undergoing probate;
- Properties being actively marketed for sale or let;

- Empty properties undergoing major repairs;
- Annexes forming part of, or being treated as part of, the main dwelling;
- Job-related dwellings;
- Occupied caravan pitches and boat moorings;
- Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence.[8]

More details of this consultation can be found in the Library briefing paper Council tax: empty properties.

4.2 Am I entitled to a single person discount?

An individual living alone in a dwelling is entitled to a discount of 25% from the standard liability for council tax. If a resident claims a single-person discount, the billing authority may demand evidence that they are indeed living alone.

Empty properties cannot attract a single person discount, even if they have a single owner, as they are not the 'sole or main residence' of any individual. It is for the billing authority to decide whether a property is the individual's sole or main residence. There is case law on this matter.

4.3 I'm doing a course – can I get a student exemption?

Students living in a shared property attract a discount disregard. A property occupied solely by students is exempt from council tax (Class N); and student halls of residence are also exempt (Class M). Students **cannot** be held jointly or severally liable for council tax if they live with non-students who are liable for council tax.

A student is defined, for council tax purposes, as someone who is studying a course requiring at least 21 hours of study for at least 24 weeks per year.[9] This is not affected by any paid employment that the student undertakes at the same time.

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8 Consultation on proposals to exempt categories of dwellings from the council tax premiums in England, 6 July 2023

9 See the Council Tax (Discount Disregards) Order 1992 (SI 1992/548), schedule 1, paras 3 and 4

The course must be taking place at an institution that falls within the categories in Schedule 2 part 1 of the Council Tax (Discount Disregards) Order 1992. This includes universities and "any other institution … established solely or mainly for the purpose of providing courses of further or higher education". The educational institution must supply the billing authority on request with a certificate confirming the student's place on the course and the hours of study required of the student.[10]

Regulations passed in 2011 clarify that **study,** not **attendance**, governs eligibility for the disregard.[11] Thus Open University or other distance learning students could be eligible for discount or exemption, depending on the hours and weeks of study required by their course. Government guidance is available on this matter.[12]

Where an individual finishes one course and then begins another in the following academic year, there may be a short period for which they are not defined as a 'student' for council tax purposes. They could then be regarded as liable for council tax, which would have an effect on the bill for the property in which they were living. Whether this scenario applies would depend on the dates and nature of the courses in question.

Additionally, a person under the age of 20 is exempt from council tax if they are taking a course lasting more than three months which requires study for more than 12 hours per week. Again, these provisions cover tuition, study and work experience.[13] This provision does not cover correspondence courses, evening classes, learning obtained via an employer scheme, or 'higher education' courses.[14]

Up till 2012, the English local government funding system took account of the loss of council tax revenue to local authorities with high numbers of student residents. This was one of over a hundred indicators used to assess relative funding needs. The system was altered in 2012 and these indicators now have only a residual effect. This means that it is not possible to identify a specific sum of funding that is allocated to a local authority to compensate them for the loss of council tax revenue resulting from high student numbers.

In the same vein, in the late 2010s some Members urged the government to require student landlords to pay business rates (see section 8.11 of the Library briefing paper Business rates). The Government has no plans to make this change.

10 See schedule 1, paragraph 5 of the Local Government Finance Act 1992

11 See the Council Tax (Discount Disregards) (Amendment) Order 2011 (SI 2011/948), paragraph 4, which amends the 1992 order (SI 1992/548).

12 DCLG, Guidance on Students and Council Tax, May 2011

13 Council Tax (Discount Disregards) Order 1992 (SI 1992/548), paragraphs 5 and 6 (2)

14 Council Tax (Discount Disregards) Order 1992 (SI 1992/548), paragraph 6

4.4 Probate exemptions

Properties which are empty because the occupant has died, and probate has been granted on their estate, are exempt from the point of death until six months after the grant of probate. If the property is occupied or sold before the six-month period is up, the exemption lapses. The property must be empty for this exemption to apply.

The probate exemption applies where the deceased occupant was renting the property, provided that their executors remain liable to pay the rent (see the Council Tax (Exempt Dwellings) (Amendment) Order 1994 – SI 1994/539).

4.5 My elderly relative is living in our annexe. Can s/he get a discount?

Annexes must be given a separate council tax band if the listing officer regards them as "separate living accommodation" or if they are occupied separately from the main property. Part of a property may be classified as an annexe even if it has one set of utility services, shares an entrance with or has a door on to the main property, or cannot be sold separately from the main property. Government guidance from 2017 states:

> The VOA will make a decision on every case based on the specific nature of the construction and / or adaptation of the property, such as:
>
> - independent access to, or access from, a hallway, landing or other common area
> - its own facilities for sleeping and preparing food
> - washing facilities and a toilet
>
> Only physical features are considered when deciding whether or not an additional area of living accommodation exists within a domestic property, not how it's used.

As of 1 April 2014, a mandatory nationwide discount of 50% applies to annexes occupied by somebody who is related to the occupant of the main property. The regulations specify who constitutes a 'relative'.[15] The regulations also provide that a 50% discount applies to the annexe's council tax bill if the annexe is being used as part of the main property.

[15] See the Council Tax (Reductions for Annexes) (England) Regulations 2013 (SI 2013/2977).

An empty annexe to an occupied property attracts a Class T exemption. An annexe occupied by a dependent relative aged over 65 attracts a Class W exemption.

4.6 Does my elderly parent have to pay council tax if they are going into a care home?

A property which an individual has left in order to go into a residential care home or a hospital is exempt from council tax.

This only applies to the property **which the individual has left**. If the individual then sells their property and buys another one, the new property would be treated as a second home and council tax up to the full amount could be payable.[16]

Since 1 January 2004 in England, and 1 April 2005 in Wales, self-contained units within a registered care home have not been separately banded. Instead, the whole care home is treated as a single dwelling/banding. Separate bands are only assigned where a unit is occupied by the care provider.[17]

Accommodation in sheltered housing schemes which provides self-contained units, with or without some shared facilities, is normally treated and banded as multiple separate dwellings. The value of the shared facilities will be reflected in the bands assigned to the individual units.

4.7 Can I, or a relative, pay less due to 'severe mental impairment'?

Properties that are occupied only by people defined as 'severely mentally impaired' are exempt from council tax. In other cases, a 'severely mentally impaired' person attracts a discount disregard (see above). Therefore, for instance, if two liable people lived in a property but one was defined as severely mentally impaired, a single-person discount would apply.

To receive an exemption on the basis of severe mental impairment, a person must have a certificate from a 'registered medical practitioner' stating that they are severely mentally impaired; and the impairment must be, or be

16 See regulation 3 of the Council Tax (Exempt Dwellings) Order 1992 (SI 1992/518)

17 See the Council Tax (Chargeable Dwellings, Exempt Dwellings and Discount Disregards) (Amendment) (England) Order 2003; and the Council Tax (Chargeable Dwellings, Exempt Dwellings and Discount Disregards) (Amendment) (Wales) Order 2004

expected to be, permanent.[18] They must also be in receipt of one of a number of benefits.[19] These are:

> The qualifying benefits … are—
>
> (a) an incapacity benefit under section 30A of the Social Security (Contributions and Benefits) Act 1992;
>
> (b) an attendance allowance under section 64 of that Act;
>
> (c) a severe disablement allowance under section 68 of that Act;
>
> (d) the care component of a disability living allowance under section 71 of that Act, payable at the highest rate under section 72(4)(a) or at the middle rate under section 72(4)(b) of that Act;
>
> (e) an increase in the rate of his disablement pension under section 104 of that Act (increase where constant attendance needed);
>
> (f) a disability working allowance under section 129 of that Act, where the qualifying benefit is—
>
> (i) one falling within subsection (2)(a)(i) or (ii) of that section, or
>
> (ii) income support, and the applicable amount formerly payable included a disability premium within the description in sub-paragraph (j) below,
>
> or is a corresponding Northern Ireland benefit;
>
> (g) an unemployability supplement under Part I of Schedule 7 to that Act;
>
> (h) a constant attendance allowance under—
>
> (i) article 14 of the Personal Injuries (Civilians) Scheme 1983; or
>
> (ii) article 14 of the Naval, Military and Air forces etc. (Disablement and Death) Service Pensions Order 1983 (including that provision as applied, whether with or without modifications, by any other instrument);
>
> (i) an unemployability allowance under—
>
> (i) article 18(1) of the Personal Injuries (Civilians) Scheme 1983, or
>
> (ii) article 18(1) of the Naval, Military and Air Forces etc. (Disablement and Death) Service Pensions Order 1983 (including that provision as applied, whether with or without modifications, by any other instrument);

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18 Local Government Finance Act 1992 schedule 1 paragraph 2

19 A court case in 2021, *Brown v Hambleton* (2021 EWHC1 Admin), clarified that a severely mentally impaired person must be in receipt of one of these benefits, not merely eligible for one of them. This was based on section 1 of the Social Security Administration Act 1992, which provided that individuals must make a claim in order to be entitled to a benefit

(j) income support where the applicable amount includes a disability premium in respect of which the additional condition in paragraph 12(1)(b) of Schedule 2 to the Income Support (General) Regulations 1987 is satisfied;

(k) incapacity benefit under sections 40 and 41 of the Social Security Contribution and Benefits Act 1992;

(l) the standard or enhanced rate of the daily living component of personal independence payment under section 78(3) of the Welfare Reform Act 2012;

(m) armed forces independence payment under the Armed Forces and Reserve Forces (Compensation Scheme) Order 2011;

(n) universal credit under Part 1 of the Welfare Reform Act the calculation of which includes an amount under regulation 27(1) of the Universal Credit Regulations 2013 in respect of the fact that the person in question has limited capability for work or limited capability for work and work-related activity or would include such an amount but for regulation 27(4) or 29(4) of those Regulations.[20]

4.8 My council tax is too high – can't the council make an exception in my case?

Billing authorities in England and Wales (but not Scotland) have a general power to reduce any council tax bill as they see fit, including reducing it to zero. This power can be found in section 13A of the Local Government Finance Act 1992.

In practice it is relatively rare for this power to be used: it is normally applied to properties which fall into a specific category, or which have been affected in a specific way. For instance, during the various periods of severe flooding in the 2010s, many authorities have offered 100% discounts on properties rendered uninhabitable (with the Government providing funding). However, such a discount is given at local discretion and the local authorities cannot be obliged to give it.

Separately from this, billing authorities **must** operate a system of **council tax support**, which replaced council tax benefit from 1 April 2013. Council tax support provides discounts for those less able to pay. Billing authorities have considerable discretion as to how they define ability to pay. More details are available in the Library briefing paper Council tax reduction schemes.

[20] Council Tax (Discount Disregards) Order 1992 (SI 1992/548), as amended

5 Banding

Domestic properties are valued, for council tax, by placing them in one of a number of **council tax bands**. In England and Wales, the local **listing officer** is responsible for banding properties, on behalf of the Valuation Office Agency (VOA). In Scotland the local Assessor carries out the task.[21] Queries about, and challenges to, a property's valuation band should be addressed to the VOA or the Assessors. Local authorities have no role in banding decisions.

For England and Wales, the key legislation governing the process of appeals against, and the changing of, council tax bands is the Council Tax (Alteration of Lists and Appeals) (England) Regulations 2009 (SI 2009/2270). In Scotland, it is the Council Tax (Alteration of Lists and Appeals) (Scotland) Regulations 1993 (SI 1993/355).

In England, the listing officer is under a duty to maintain a fair and accurate council tax list.[22] S/he can alter a council tax band in a variety of circumstances, for example, if s/he "has determined as applicable to the dwelling a valuation band other than that which should have been determined as so applicable";[23] at the order of a court or tribunal; if a property no longer exists; where two or more properties replace one; or if there has been 'either a material increase or material reduction in the value of the dwelling'.[24]

A banding decision is based solely on the property's estimated sale value. There is no direct link to the number of rooms in a property. Nor is there any link between council tax and the amount for which the property is mortgaged.

In England, the government launched a consultation in February 2023 on changing current regulations to ensure that HMOs are banded as one property in most circumstances.[25] This change was implemented by the Council Tax (Chargeable Dwellings and Liability for Owners) (Amendment) (England) Regulations 2023, with effect from 1 December 2023.

21 See http://www.saa.gov.uk/ for further information.

22 See s.22(1) and s.27(7) of Local Government Finance Act 1992

23 Council Tax (Alteration of Lists and Appeals) Regulations 2009 (SI 2009/2270), regulation 4 (1) (c)

24 These words are used in the Council Tax (Alteration of Lists and Appeals) (England) Regulations 2009 (SI 2009/2270), regulation 3

25 DLUHC, Council tax valuation of Houses in Multiple Occupation (HMOs), 17 February 2023

5.1 How can I challenge my council tax banding?

In England and Wales there are two routes a resident can take if they believe that their property is in the wrong band – requesting an informal banding review or submitting a formal proposal for a change in banding.

In most cases, the resident of a property has no right to appeal later than six months after moving into the property. However, if there has been a "material reduction in the value of the dwelling", or the property has changed - for example, it has been demolished, split into multiple properties or merged into one, the resident can appeal at any time.

The phrase "a material reduction" is defined in statute as being "any reduction which is caused (in whole or in part) by the demolition of any part of the dwelling, any change in the physical state of the dwelling's locality or any adaptation of the dwelling to make it suitable for use by a physically disabled person". It usually requires an identifiable change: for instance, part of a property being demolished, or blighting from a newly built nearby development.

The VOA's 'listing officer' may initiate a review **at any time** if s/he believes that a property may be in the wrong council tax band. If this then results in a change in banding, the resident has the right to appeal.

A person must continue to pay their existing council tax bill while they are challenging their council tax band.

Informal banding review

An informal banding review denotes a resident writing to the local listing officer to request a change in banding. This can occur where the resident has no formal right to an appeal (for instance, if they have lived in the property for more than six months) but still wish to offer evidence that the banding is incorrect. A review can lead to the listing officer changing the banding: as noted above, the listing officer can do this at any time.

As it is an informal process, an informal band review is not subject to appeal if the listing officer does not consider the band to be wrong and makes no alteration to the valuation list.

Submitting a formal proposal for a change in banding

An entry in the valuation list can be formally challenged by submitting a 'proposal' to alter the list. The 'proposal' may simply state that the property is believed to be in the wrong band, though it may also contain more detail. It must be served on the listing officer in writing.[26] A proposal against the

[26] Council Tax (Alteration of Lists and Appeals) (England) Regulations 2009 (SI 2009/2270): regulation 5 sets out the required form and content of a proposal.

existing banding will need to make a case to the listing officer based on the value that the dwelling would have had in 1991 (or 2003 in Wales) in its current condition. There is case law in this area.

In England the listing officer must then decide within four months whether or not to agree with the proposal and alter the council tax band and must issue a decision notice about the matter.

Can I challenge the VOA's decision?

If the resident disagrees with the decision of the listing officer, there is a right of appeal against the decision notice to the Valuation Tribunal for England. The Tribunal is completely independent of both the VOA and the council that collects the tax. The Tribunal will make a decision about the correct band for the property on the evidence that the taxpayer and the listing officer present to it, at the hearing.

In Wales, the listing officer must, within prescribed time limits, send the Valuation Tribunal for Wales details of any proposal that has not been settled. This must happen even if no discussions have taken place: on such transmission the proposal becomes an appeal.

The tribunal is free and cannot award costs. If the tribunal agrees with the appellant, the listing officer will change their band and the billing authority will update their council tax bill.

In Scotland, if you are the owner of the property or the person liable to pay council tax for it, you can lodge an appeal (known as a "proposal") to alter the council tax band in broadly the same limited circumstances as in England /Wales. The Assessor will discuss the proposal with the taxpayer and if it cannot be resolved (within six months), it will be referred to the Valuation Appeal Committee as a formal Appeal to be heard by the Committee. The Committee will hear the appeal within its normal cycle of hearings.

5.2 Refunds and backdating

Where a council tax band is changed, the listing officer will determine the date from which any change in band becomes effective for charging purposes. This will always be in the past and is known as the 'effective date'.[27] That may mean that the occupant of the property is due a refund of council tax for the period since the effective date – or that they must pay extra council tax in respect of that period.

In England, there is no time limit on backdating of council tax refunds. A council tax-payer could in principle receive a backdated refund dating back

[27] Technical guidance on 'effective dates' can be found in the VOA's Council Tax Manual: section 2, part 4, appendix 2.3

to the inception of council tax in 1993. In Wales, when a council tax band is reduced because it is identified that the existing banding was too high, the effective date cannot be more than six years prior to the change to the banding.[28]

Local authorities do not have the legal power to pay interest on any arrears resulting from a change in banding.

[28] See the Council Tax (Alteration of Lists and Appeals) (Amendment) (Wales) Regulations 2010 (SI 2010/77), regulation 2 (6) (b) (ii).

6 Frequently asked questions

6.1 I've extended my property – will my council tax go up?

Extending a property cannot cause its council tax band to change until there has been a 'relevant transaction' (or there is a general revaluation of all domestic properties).[29] A relevant transaction means a sale (either on a freehold or leasehold basis) or the grant of a lease for a term of seven years or more. The listing officer may review the banding when a relevant transaction (normally a sale) has taken place, so that a new owner may find that their council tax bill in their new property is higher than they anticipated.

The Council Tax Valuation List, which lists all properties in England and Wales, marks properties with an 'improvement indicator'. These are properties the council tax bands of which will be reviewed upon sale, as the billing authority is aware of evidence that they have been extended.

6.2 I want to convert my annexe back into part of my main property

If two properties – e.g. two flats, or a main house and an annexe – are converted into one, the listing officer will alter the valuation list to reflect this. The two previous properties are removed from the council tax valuation list and the 'new' one added to it.

The listing officer will need to be satisfied that the new property is truly a single property and could no longer be used as two properties. For this reason, it is advisable for owners to seek advice from the listing officer at an early stage on how the relevant council tax regulations are applied although s/he will not be able to give detailed advice on planned changes to a specific property. Although planning permission may also be required for such a change, a grant of planning permission (and any resulting internal alterations) does not guarantee that the listing officer would view the new

[29] See the Council Tax (Alteration of Lists and Appeals) Regulations 1993 (SI 1993/290), regulation 4; also section 24 (10) of the Local Government Finance Act 1992.

property as a single dwelling. It is a matter of fact and degree in every case. There is case law in this area.

Conversely, two or more properties may replace one where a house is divided into flats, or an annexe is added to a property. In this circumstance, the former property is deleted from the council tax valuation list and two or more new properties are added.

Listing officers use internal guidance reflecting relevant case law on this subject to decide whether or not an annexe should be separately banded or not.

6.3 New build properties

When a new property is nearing completion, the billing authority may serve a completion notice on its owner. The completion notice will specify the date on which the dwelling may 'reasonably be expected to be completed' – and thus from which it will be liable for council tax. Section 17 of the Local Government Finance Act 1992 requires a billing authority to serve notice on the owner of any building on which the work remaining to be done can reasonably be expected to be completed within three months unless the listing officer directs otherwise in writing.

New properties are placed in a council tax band according to the sale value they would notionally have had on 1 April 1991 (1 April 2003 in Wales). The owner (i.e. the developer / builder) is liable for council tax until the property is sold. A new property that is not occupied at the completion date is treated as an empty property, and will attract any relevant discounts or exemptions.

6.4 I live in an HMO. Why have I received my own council tax bill?

In the early 2020s there were suggestions that the VOA has adopted a policy of 'disaggregating' houses in multiple occupation (HMOs): that is, to classify properties containing several rooms, that are let independently, as multiple properties for council tax purposes. These properties are then assigned their own council tax band, for which the tenant is liable. The National Residential Landlords Association mentioned the issue in a blog in November 2021:

> This problem [of rooms in HMOs receiving separate council tax bandings] is largely caused by the fact that the council tax legislation predates most of the other legislation around HMOs. From 2004 onwards, legislation recognises that an HMO is one dwelling shared by multiple households and is written with that in mind, typically increasing safety requirements or requiring adaptations for use by separate households.

> Unfortunately, in these cases, should the VOA investigate, the council tax legislation will default to splitting the property into multiple separate units for council tax. Often this can also lead to lower income tenants losing out, as the council tax bill for the room will be their responsibility unless the tenancy has the landlord paying the bills.[30]

Caroline Dinenage MP raised this issue during the passage of the Levelling-Up and Regeneration Bill in November 2022:

> ....over recent years there has been a growing trend for the Valuation Office Agency to start to re-band those bedrooms as individual dwellings in and of themselves, meaning residents across Gosport, Portsmouth and, increasingly, across the whole country, are being hit with unexpected and completely unaffordable council tax bills. The VOA has stated that it is not taking a new approach to HMOs or systematically revaluing HMOs. However, this is a growing issue....that colleagues across the House are increasingly seeing among their local landlords and developers.[31]

The Government published a guidance note in March 2022 explaining how the VOA currently interprets these provisions. However, the Government also launched a consultation in February 2023, proposing that houses in multiple occupation should be assigned a single council tax band, except in exceptional circumstances. In this scenario, the landlord would then be liable for the council tax bill. The consultation also proposes that, if this change was made, landlords would be able to submit a proposal to the VOA, to amalgamate multiple bands in a single HMO for council tax purposes.[32]

The Government decided to make this change, and implemented it as of 1 December 2023 via the Council Tax (Chargeable Dwellings and Liability for Owners) (Amendment) (England) Regulations 2023.

These regulations also provide that all HMOs that fall into the definition found in the Housing Act 2004 are to be treated as single properties, and that the landlord will be liable for the council tax bill. Previously, 'Housing Act HMOs' were not automatically regarded as HMOs by the council tax system. The regulations amend the definition of HMOs for council tax purposes in the Council Tax (Liability for Owners) (Amendment) Regulations 1993, which now reads:

> ...a dwelling which
>
> (a) was originally constructed or subsequently adapted for occupation by persons who do not constitute a single household;
>
> and
>
> (b) is inhabited by a person who, or by two or more persons each of whom either—

30 James Wood, HMOs and council tax, National Residential Landlords Association, 1 Nov 2021

31 HCDeb 23 Nov 2022 c363-4

32 See Council tax valuation of Houses in Multiple Occupation (HMOs), 17 February 2023

(i) is a tenant of, or has a licence to occupy, part only of the dwelling; or

(ii) has a licence to occupy, but is not liable (whether alone or jointly with other persons) to pay rent or a licence fee in respect of, the dwelling as a whole; or

(c) is an HMO.[33]

6.5 Are landlords liable for council tax?

Ordinarily, the occupants of a property are liable for council tax: thus the tenants of a rented property will be liable.

If a property is occupied by tenants and the landlord tells them that s/he will pay the council tax, and then fails to do so, the tenants would be jointly and severally liable for the council tax and the billing authority would pursue them for it, as the landlord is not legally liable.

In designated Houses in Multiple Occupation (HMOs), the landlord is liable for council tax.

6.6 My neighbour runs a business from home. Should they pay more council tax?

A resident who runs a business from home is not liable for additional council tax. They **may** have to pay business (non-domestic) rates based on the part of the property that is being used for the business.

This turns on whether a part of the dwelling can be identified that is used only for non-domestic or business purposes. There is case law in this area and no definite assertions can be made, but generally, a room or area that has been converted into an office or hair salon in order to be used solely for business purposes is likely to attract business rates. The valuation officer would assess the rateable value of that part of the property in the normal way (see the Library briefing paper Business rates).

Individuals who work at home, using a room or area which is also used for domestic purposes, are unlikely to be caught under this provision.

A property which has both domestic and non-domestic parts (e.g. a pub with living accommodation) is known as a composite property. The domestic part will be subject to council tax and the non-domestic (business) part will be subject to rating. If a part of the domestic dwelling is assessed for business

[33] Council Tax (Liability for Owners) (Amendment) Regulations 1993 (SI 1993/151), paragraph 2; as amended by the Council Tax (Chargeable Dwellings and Liability for Owners) (Amendment) (England) Regulations 2023.

rates, it would be possible – but not guaranteed – that the remainder of the domestic dwelling could be re-valued and placed in a lower council tax band, as it becomes, in effect, a 'smaller' property. Council tax and business rates cannot both be charged on the same part(s) of a property.

6.7 I work away from home and am facing two council tax bills

Properties which are unoccupied because the owner is required to live elsewhere for employment purposes attract a discount of up to 50%. In order to be considered as residing in job-related accommodation one of the following criteria from the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 must be met:

- The individual's work duties can only be effectively carried out from that address;
- The individual is employed in a job where it is customary for the job holder to be resident in a particular property;
- The individual is contractually obliged to be resident at that address and to carry on a trade or profession at that address.

Both properties must be located in England, Wales or Scotland and the resident must be the liable person for council tax at both addresses. If the property is provided by a company and they are the director or partner in a company, they may not be eligible for a discount unless their employment is as a full-time working director, the company is non-profit making or the company is established for charitable purposes only. Typical occupations that may involve occupation of job-related accommodation include caretakers, pub landlords and schoolmasters.

This discount is unlikely to apply to individuals who **choose** to live and work from two different addresses: e.g. a flat in London plus a house elsewhere. It is also unlikely to apply where, for instance, an individual is posted to a new location by their employer but maintains their previous residence until their return. There is case law in this area.

A property that is not defined as an individual's 'sole or main residence' cannot be eligible for a single person discount.

6.8 I am in the Armed Forces and based overseas

The Council Tax Relief (CTR) scheme, for all Regular and Reserve Service personnel serving on operational deployments overseas, was introduced by the Ministry of Justice in September 2007. This provides financial support to

those service personnel who are liable to pay council tax on a privately owned home whilst serving overseas in designated operational areas. The scheme is not part of council tax legislation and is not administered by local authorities.

CTR was doubled with effect from July 2011. The Chancellor announced in the 2012 Budget that the relief would be doubled again from just under £300 for an average six-month deployment to just under £600 per six-month deployment. The payment is tax-free and is currently paid to approximately 9,500 individuals per annum. The increase took effect from April 2012.

6.9 I am in the Armed Forces and required to live on a base in the UK

Members of the Armed Forces who are required to live in Forces accommodation in the UK are entitled to a job-related accommodation discount of 50% (see section 6.7 above) on a home that they own or rent elsewhere. They also cannot be required to pay an empty homes premium (see section 3.3 above). However, their home may still be deemed to be their 'sole or main residence' for council tax purposes.

This can have effects on eligibility for other discounts. In *Doncaster BC v Stark and Stark* (1998), the High Court found that whilst Corporal Stark was obliged to live in service accommodation elsewhere, his main place of residence remained his family home. The decision was based on Corporal Stark's security of tenure, the time spent there when not on duty, and the fact that he would return there should he no longer be required by the Forces. As a result Corporal Stark's wife was not eligible a single person discount, as he was deemed to be resident in their home for council tax purposes.

6.10 Contributions in Lieu of Council Tax (CILOCT)

Although local authorities are not able to raise council tax on Ministry of Defence barracks, messes and married quarters, they receive a "contribution in lieu of council tax" (CILOCT) from the Ministry of Defence.[34] The same sum is, in turn, paid to the Ministry of Defence by the occupant.[35]

The contribution paid is broadly equal to the council tax revenue that would have been collected on the properties. This is intended to ensure that other

[34] Armed forces accommodation owned by the MOD is exempt from council tax under the Council Tax (Exempt Dwellings) Order 1992 regulation 3.

[35] Ministry of Defence, "Budget provides measures to support Service personnel and their families", 21 March 2012

local residents are not subsidising armed forces accommodation through their council tax.

With regard to Northern Ireland, where council tax does not exist, the Government's guidance note on CILOCT states:

> ..in Northern Ireland, Service personnel are charged the same levels of CILOCT in respect of the services provided by the MOD which would normally be provided by a local authority in the UK.[36]

This implies that CILOCT charges are made in Northern Ireland for services that are provided by the MOD that would, for civilians, be 'public services'. The MOD's Joint Service Regulations elaborate further:

> Such services, which would normally be provided by a local authority, include schools, social services, roads, police, fire brigade, recreation facilities, environmental health, refuse collection and street lighting. This broadly maintains the ethos of Service personnel paying the same charges for similar accommodation occupied wherever they are serving in the world and contributes to funding of equivalent local services. With effect from 1 August 2007 this includes Northern Ireland. [37]

6.11 Caravans and seasonal occupation

Caravan park homes which are used as the resident's sole or main residence incur the same liability to council tax as permanent dwellings. This has been the case since council tax was introduced. The term 'caravan' is defined by section 29 of the Caravan Sites and Control of Development Act 1960. There is case law in this area.

If the resident uses the park home as a second home, he/she may be entitled to a discount. Likewise, if the park home is left unoccupied and substantially unfurnished for more than two years, it may be liable for the Empty Homes Premium. However, a caravan which is kept on a resident's main property (e.g. on the driveway) does not incur a separate liability.

Caravan **pitches** which have no caravan on them are exempt from council tax in England and Wales, but not in Scotland.[38]

Certain park home sites may be liable for business rates as a whole, payable by the site owner, rather than council tax on the individual caravans. It is up to the listing officer to decide which list a property should be placed on.

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36 Ibid.

37 MOD, Joint Service Publication 754 – Tri-Service Regulations for Pay and Charges, Chapter 9, Section 6.

38 See the Class R exemption in the Council Tax (Exempt Dwellings) (Amendment) Order 1994 (SI 1994/539)

6.12 Muslims, prayer rooms, and exemption from council tax

Some websites claim that it is possible for Muslims to claim exemption from council tax by designating one of the rooms in their house as a 'prayer room'. This is often accompanied by the claim that, under these provisions, several thousand 'mosques' are registered in a particular local authority area.

These claims have no basis in council tax law. It is not possible for owners of domestic property to avoid council tax by claiming that their property, or part of it, is used for religious purposes. There are circumstances in which religious practice can give rise to council tax discounts (see Appendix 2) but the use of domestic property for communal worship is not one of these.

It would be theoretically possible for part of a domestic property which was used for public religious purposes to be separately valued for business rates, and to be removed from the council tax valuation list. However, the VOA would have to be satisfied that this reflected the real use of the property. Such a change would be unlikely to make more than a minimal difference to the council tax bill on the remainder of the property.

7 Scotland

Council tax arrangements in Scotland are broadly similar to those in England and Wales.[39] Responsibility for setting council tax levels rests with levying authorities (local authorities) in Scotland. Valuations are carried out, and properties placed in bands, by the Assessors' offices. Regulations on council tax for Scotland have always been separate from those for England and Wales, and some minor elements of the system operate differently in Scotland and England. For instance:

- In England an Empty Homes Premium of up to 50% can be added to a property's council tax bill for properties that have been unoccupied and substantially unfurnished for more than two years. In Scotland the maximum is 100% after one year;
- Unlike billing authorities in England and Wales, who have the discretionary power to reduce any council tax bill they see fit, including reducing it to zero, levying authorities in Scotland do not have this general power;
- In Scotland, properties that become unoccupied must be offered at least a 10% discount, whereas in England local authorities may choose to offer no discount.

7.1 Proposals for council tax reform

The Scottish Government published proposals for council tax reform on 2 March 2016.[40] They proposed that the overall system of council tax should remain largely unchanged. The main aspect of the reform was to increase bills for the upper bands (E-H), by increasing the ratio of the Band D bill that those properties would pay (see Appendix 3 for details). These proposals were implemented as of April 2017.

There are no plans for a general revaluation of property in Scotland. Properties are still banded based on their value in 1991.

[39] The Scottish council tax legislation forms a separate Part of the Local Government Finance Act 1992, which introduced council tax, but it is largely (though not wholly) identical to the England and Wales legislation.

[40] Scottish Government, Council tax reform, 2 March 2016; see also the Scottish Parliament Information Centre briefing, Scottish Government proposals for Council Tax reform.

In 2023, the Scottish Government launched two consultations with proposals for further council tax reform:

- A consultation on Council Tax for second and empty homes, and non-domestic rates thresholds with the proposal to give the discretion to local authorities to charge a premium of up to 100% on second homes or to charge more than a 100% premium on second homes and empty properties.[41]

- A consultation in July 2023 proposing to increase the band ratios for bands E-H by the same percentage again as the increases of 2017. Bands E, F, G and H would see their standard bills increase by 7.5%, 12.5%, 17.5% and 22.5% respectively. The Scottish Government is looking to implement the change with a phased approach from 1 April 2024.[42]

7.2 Council tax freeze

In Scotland, council tax was frozen between 2008-09 and 2016-17. The Scottish Government agreed to provide £70 million distributed between local authorities who froze council tax at 2007-08 levels for 2008-09. Local authorities did not have to agree to implement a freeze, but if they did not they would not get their share of the £70 million. The then Cabinet Secretary for Finance and Sustainable Growth, John Swinney MSP, told the Scottish Parliament on 27 March 2008 that "all 32 councils" have frozen council tax rates.[43]

The council tax freeze was mentioned as a priority for the Scottish Government in the Scottish Budget Spending Review 2007. It was also discussed in the November 2007 concordat between the Scottish Government and the Convention of Scottish Local Authorities (COSLA) which states:

> ....local government will contribute directly to the delivery of the key commitments listed, including the freeze on council tax [...] Recognising that councils will not be in a position to confirm a freeze in their council tax rates until these are set in February 2008, the Scottish Government will hold back an element of funding in respect of the council tax freeze until authorities have formally set their council tax levels for 2008-09.[44]

The Scottish Government's 2016 reforms also included ending the council tax freeze. A cap on council tax rises was then negotiated between the Scottish

41 Scottish Government, Council Tax for second and empty homes, and non-domestic rates thresholds: consultation, 17 April 2023

42 Scottish Government, Consultation on a Fairer Council Tax, 12 July 2023

43 Scottish Parliament, Official Report, 27 March 2008, c7403

44 Scottish Government, Concordat between the Scottish Government and COSLA, 14 November 2007, pp7-8

Government and local authorities for each financial year, until 2022-23, when the Scottish Government declined to set any central limits.[45]

[45] The Scottish Government retains 'capping' powers over local authorities' decisions to raise council tax. This negotiated cap circumvents the need for a formal cap. The council tax referendum regime operating in England since 2012 does not apply in Scotland.

8 Wales

Council tax in Wales is similar to arrangements in England. Properties are banded for council tax purposes by the listing officer of the Valuation Office Agency, while the council tax rate for an area is set by the billing authority (county and borough councils), who also collect the revenue. The system for appealing a council tax band in Wales is slightly different as, following the making of the proposal, the appeal to the Valuation Tribunal for Wales is automatic and not a separate action as in England.

Unlike in England and Scotland, a council tax revaluation occurred in Wales in 2005. This introduced a new range of values for the VOA in Wales to use when banding properties. These are based on property values as at 1 April 2003.

The Welsh Government's Co-operation Agreement with Plaid Cymru, published in December 2021, included a commitment to reform council tax to make it "fairer and more progressive".[46]

8.1 Council tax, second homes and long-term empty property in Wales

The Housing (Wales) Act 2014 provides billing authorities with the discretionary power to increase the council tax payable on long-term empty dwellings in their areas. Since 1 April 2023, the maximum level is 400% of the standard charge. There is scope for local authorities to adopt a stepped approach to the premium with incremental increases applying over time. This provision reflects similar provisions in England and Scotland.

The explanatory notes to the Act state that a long-term empty property is defined as one that has been "both unoccupied and substantially unfurnished for a continuous period of at least one year".[47]

Additionally, the 2014 Act provides billing authorities in Wales with the discretionary power to increase the council tax payable on dwellings occupied periodically in their areas ("second homes"). The maximum increase is an additional 100% premium i.e. 200% of the standard charge.[48] This was increased to 400% of the standard charge on 1 April 2023. The explanatory notes to the Act state that:

46 Welsh Government, Co-operation agreement: full policy programme, December 2021, paragraph 9
47 Housing (Wales) Act 2014, Explanatory Notes, section 139
48 Housing (Wales) Act 2014, Section 139 (12B)

> A "second home" is defined as a home that is not a person's sole or main residence and which is substantially furnished. On the first occasion that a billing authority decides to charge a second homes council tax premium, it must make its determination at least one year before the beginning of the financial year in which the premium will be charged.[49]

Billing authorities must make a determination to charge a higher amount of council tax for second homes at least one year before the financial year to which it relates. Thus the first financial year in which this premium could apply was 2017-18.

This provision for holiday homes contrasts with England, where a premium can only be applied to properties that are 'unoccupied and substantially unfurnished'.

There is no equivalent to the English council tax referendum regime in Wales. The Local Government Act 1999 allows the Senedd to cap council tax rises deemed "excessive", although there is no statutory definition of what constitutes an excessive rise. According to the Senedd Research Blog, in the early 2010s an increase by local authorities of over 5% had "informally been seen as the threshold that could trigger ministerial intervention".[50]

8.2 Proposals for council tax reform

Following the reference to council tax reform in the 2021 co-operation agreement (see above), the Welsh Government published "an ambitious package of reforms to council tax" on 12 July 2022. The reforms amount to a full revaluation of council tax, to take effect in April 2025, and include:

- Changing the range of values for the VOA in Wales to use when banding properties. The valuation date for the April 2025 revaluation will be 1 April 2023;
- Creating new bands at the top and bottom ends of the scale and new rates for each band;
- Allowing more flexibility to adapt discounts and to amend the Council Tax Reduction Scheme during a financial year.

The reform is expected to take effect on 1 April 2025. A first consultation on those proposals took place between 12 July and 4 October 2022. A second consultation on more detailed policies to implement the reforms is expected.[51]

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49 Housing (Wales) Act 2014, Explanatory Notes
50 Senedd Research Service blog, Council Tax Rates 2016-17, 29 March 2016
51 Welsh Government, A Fairer Council Tax, 12 July 2022

Appendix 1: council tax exemption classes

The current 21 classes of exemption are as follows:

B Unoccupied dwelling, owned by a charity
D Unoccupied dwelling, due to a person being in prison
E Unoccupied dwelling due to person having gone to live in a care home
F Council tax payer deceased
G Unoccupied dwelling the occupation of which is prohibited by law
H Unoccupied dwelling which is held for the purpose of being available for a Minister of Religion
I Unoccupied dwelling due to person living elsewhere to receive personal care
J Unoccupied dwelling due to person living elsewhere to provide personal care
K Unoccupied dwelling left empty by a student
L Unoccupied dwelling which has been repossessed
M Students' Hall of Residence
N A dwelling occupied only by students, school or college leavers or by certain spouses and dependants of students
O UK armed forces accommodation
P Visiting armed forces accommodation
Q Unoccupied dwelling left empty by a bankrupt person
R Unoccupied caravan pitch or boat mooring
S Dwelling occupied only by persons under 18
T Unoccupied annexe to an occupied dwelling, which may not be let separately
U Dwelling occupied only by people who are severely mentally impaired
V Main residence of a person with diplomatic privilege or immunity
W An occupied annexe to an occupied dwelling, where the annexe is occupied by a dependent relative, i.e., a relative over 65 years old.

Exemption classes A (properties in need of repair or undergoing alterations) and C (newly vacated properties) were abolished in 2013 in England, but not in Scotland or Wales (see section 3.2).

Appendix 2: council tax discount disregards

The following categories of individual are disregarded for council tax purposes in England:

- Persons in detention (in hospital, prison, or for immigration purposes)
- The severely mentally impaired
- Persons over 18 in respect of whom child benefit is still payable
- School and college leavers
- Students (including student nurses and apprentices)
- Hospital patients
- Patients in care homes
- Care workers
- Residents in hostels or night shelters for the homeless
- Members of international HQs and defence organisations
- Members of religious communities
- Members and dependents of visiting armed forces
- Foreign spouse of a student
- Individuals with diplomatic immunity

The key legislation concerning discounts is the Council Tax (Discount Disregards) Order 1992 (SI 1992/548). This Order has been amended several times. It includes additional detail about the qualifications for eligibility under each of the categories set out below.

Slightly different provisions apply in Wales: see the Council Tax (Additional Provisions for Discount Disregards) (Amendment) (Wales) Regulations 2019 (SI 2019/431).

The 'single person discount' is not a form of discount disregard but is covered under separate provisions in the Local Government Finance Act 1992.

Appendix 3: council tax bands

The following tables show the property values and the band ratios (see section 1.2) for council tax in England, Scotland and Wales.

Council tax bands: England

Band	Range of values	Proportion of Band D liability
A	£40,000 and under	6/9
B	£40,001-£52,000	7/9
C	£52,001-£68,000	8/9
D	£68,001-£88,000	9/9
E	£88,001-£120,000	11/9
F	£120,001-£160,000	13/9
G	£160,001-£320,000	15/9
H	Over £320,000	18/9

Council tax bands: Wales

Band	Range of values	Proportion of Band D liability
A	£44,000 and under	6/9
B	£44,001-£65,000	7/9
C	£65,001-£91,000	8/9
D	£91,001-£123,000	9/9
E	£123,001-£162,000	11/9
F	£162,001-£223,000	13/9
G	£223,001-£324,000	15/9
H	£320,001-£424,000	18/9
I	Over £424,000	21/9

Council tax bands: Scotland

Band	Range of values	Proportion of Band D liability
A	£27,000 and under	0.67
B	£27,001-£35,000	0.78
C	£35,001-£45,000	0.89
D	£45,001-£58,000	1
E	£58,001-£80,000	1.31
F	£80,001-£106,000	1.63
G	£106,001-£212,000	1.96
H	Over £212,000	2.45

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