

COUNCIL TAX

Council tax is a system of local taxation collected by local authorities. It is a tax on residential property.

Valuation bands

Houses and apartments are given a council tax valuation band by the Valuation Office Agency. Different amounts of council tax are charged in each band. Each local authority keeps a list of all the domestic property in its area, together with its valuation band.

The valuation bands are:

Valuation band	Range of values
A	Up to £40,000
B	Over £40,000 and up to £52,000
C	Over £52,000 and up to £68,000
D	Over £68,000 and up to £88,000
E	Over £88,000 and up to £120,000
F	Over £120,000 and up to £160,000
G	Over £160,000 and up to £320,000
H	Over £320,000

If the valuation list is changed, for example, if a property is put into a different band, the VOA will write to the council tax payer, informing them of the change.

Properties exempt from council tax

Some property is exempt from council tax altogether. It may be exempt for only a short period, for example, six months, or indefinitely. Properties which may be exempt

include:

- property which is unoccupied. The property also has to be substantially unfurnished. The exemption applies for a maximum of six months and the property has to be vacant for the whole of this period (although up to six weeks of occupation during the period is allowed)
- property which is vacant because it needs major repairs or alterations to make it habitable. The exemption applies for a maximum of 12 months whether the work is actually finished or not by then
- any property that only students live in. This may be a hall of residence, or a house
- a property where all the people who live in it are aged under 18

Liability for council tax

The so called “liable person” is liable to pay council tax. Couples living together will both be liable, even if there is only one name on the bill. This applies whether the couple is married, cohabiting or in a civil partnership.

Usually, the person living in a property will be the liable person. However, the owner will be liable if:

- the property is in multiple occupation, for example, a house shared by a number of different households who all pay rent separately;
- the property is empty and the exemption does not apply;
- the people who live in the property are all under the age of 18;

If only one person lives in a property he or she will be the liable person. If more than one person lives there, a system called the **hierarchy of liability** is used to work out who is the liable person. The person at the top, or nearest to the top, of the hierarchy is the liable person. Two people at the same point of the hierarchy will both be liable.

The hierarchy of liability is:

1. a resident owner-occupier who owns either the leasehold or freehold of all or

part of the property

2. a resident tenant
3. a resident who lives in the property and who is a licensee.
4. any resident living in the property, for example, a squatter
5. an owner of the property where no one is resident.

Amount of council tax

Each year, every local authority will set a rate of council tax for each valuation band. The amount Council tax is decided for each band.

If there is someone (adult or child) living in a household who is substantially and permanently disabled the council tax bill for the property may be reduced.

If only one adult lives in a property, he or she will get a 25 per cent discount on the council tax bill. When computing the number of people, including the following are disregarded:

- aged 17 or under
- 'severely mentally impaired'
- a full-time student on a qualifying course of education, including student nurses
- a live-in care worker

If everyone who lives in the property is disregarded, the council tax bill is discounted 50%.

A person staying at property is disregarded if it is not his main residence. If the only person living at the property has another main property elsewhere, this property will count as a second home. Furnished holiday homes or second homes are liable for council tax but have a 10 per cent – 50 per cent discount where no one lives there on a permanent basis. This depends on the policy of the local authority.

A person who is liable to pay council tax may be able to claim Council Tax Benefit. The amount of benefit they may get will depend on their income and capital.

Council tax bills should be sent out in April. There is a right to pay by 10 installments. If Council tax is not paid, the local authority may ask the magistrates to issue a liability order. A liability order allows a local authority to enforce payment of Council tax arrears by deductions from salary or Income or for bailiffs to seize goods to the value of the amount owed.

If a local authority issues three reminders for late payment of installments within the same financial year, the right to pay by installments is lost and the full year's council tax becomes payable.

Valuation

The VOA may review a property' s band. It is possible to make a formal application to have the band changed. This may be applied for within six months of:

- becoming a new council tax payer on a property
- the VOA notifying that the banding has changed;
- the property has been demolished
- substantial changes have occurred in the locality that have affected the value as at 1 April 1991

It is possible to appeal a decision of the VOA to an independent valuation tribunal.

Complaints and Disputes

A liable person, including someone who is jointly liable and an aggrieved person who is directly affected by a decision may complain in writing to the local authority. The local authority must reply within two months. If they do not accept the complaint, it is possible to appeal against their decision to the valuation tribunal. If the local authority does not reply within two months, it is possible to appeal directly to the valuation tribunal.

The valuation tribunal is an independent body. Usually three members will hear an appeal and a clerk advises on law and procedure. There are time limits within which an appeal may be made.

This Guide is intended as an overview and broad outline of the matters covered in it. Its purpose is to inform and raise awareness. We are happy to offer specific legal advice on particular circumstances.

This Guide should not be relied on as a substitute for comprehensive legal advice with reference to the particular circumstances.

While we have taken due care in the preparation of this publication, we do not accept legal liability as a result of any reliance placed on anything in this Guide. The reader should rely only on specific legal or taxation advice.

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