

Information Sheet

8 Council Tax

This information sheet explains how Council Tax works, who has to pay it and what reductions and rebates are available.

Contents

Introduction

What is Council Tax?	page 2
Who collects Council Tax?	page 2

Who has to pay Council Tax

Who is liable?	page 2
When are you liable?	page 4
Empty property	page 5

How much will your Council Tax be?

The council's budget	page 6
The value of your property	page 7
Council Tax reductions	page 11

Introduction

What is Council Tax?

Council Tax is collected to pay for local services, such as rubbish collection, libraries, fire services and the police. **Council Tax does not apply in Northern Ireland where the local tax is still the rates.**

Council Tax is a tax on every residential property whether it is lived in or not. The calculation of Council Tax is fairly complicated. There are a lot of exemptions and reductions which make it difficult for any individual to know what to expect or what to check when their tax once the bill arrives.

This information sheet explains who has to pay Council Tax, how it works, and how to make sure you do not pay more than you should.

Who collects Council Tax?

Your local council collects Council Tax. In England, this is either a unitary authority or a district or borough council. In Wales and Scotland it is the unitary authority.

Who has to pay Council Tax

Who is liable?

Council Tax usually has to be paid by one of the adults living in a 'dwelling'. This is called 'liability'. The word dwelling can mean:

- a house
- a flat
- a bungalow
- a maisonette
- a mobile home
- a houseboat.

(Any properties that are kept for occasional or holiday use may receive a discount or exemption. Your local council will make a decision on this on a case by case basis. See page 5 for more information about empty property.)

If your house is split so that it has separate self-contained living accommodation (sometimes called an **annexe** or granny flat) this will normally be counted as a separate dwelling. However, if a relative who is either aged 65 or over or who is disabled lives in the annexe, no separate Council Tax is due. If the annexe is empty, and can't be let separately, then there is no Council Tax charge.

Usually it is clear which of the adults living in a dwelling has to pay the Council Tax: for example, if you own your home and live there by yourself or with your family then you are liable. If you live in a rented flat as a tenant, then you are liable. Even if you live in a property without being an owner or a tenant you are still normally liable for the Council Tax.

Not sure which adult has to pay?

Sometimes it is not so clear who is liable. If the owner lives in the dwelling, then they are liable even if there are tenants or other residents living there too. If a tenant has a lodger, then the tenant is liable, not the lodger. If a number of different people live in a dwelling, there is a process for working out who is liable. This is called the 'hierarchy of liability'. The first relevant person you come to as you go down the list is liable:

England and Wales

- a resident who owns the freehold
- a resident who owns the leasehold
- a resident tenant
- a resident who is not a tenant but has permission to stay there
- any other resident, for example a squatter
- an owner of the property who doesn't live there.

Scotland

- a resident who owns all or part of the property
- a resident who is a tenant of all or part of the property
- a resident who is a statutory, statutory assured or secure tenant of all or part of the property
- a resident who is a sub-tenant of all or part of the property
- any other resident, for example, a squatter
- an owner of any part of the property who doesn't live there, unless there is a non-resident tenant or sub-tenant who has a lease for six months or more.

It is up to the person who is liable, how and if they charge other people in the home for their share of the tax.

If there are joint owners or joint tenants, then they will both be liable for Council Tax. This means that either of them can be sent a bill or taken to court if they don't pay it. But they will only get one bill and only have to pay the tax once between them.

There is a special rule about the liability of husbands and wives, registered civil partners and couples living together as if they were husband and wife or civil partners. Even if only one of them is the owner or tenant, the other is still liable for the Council Tax. So if your partner doesn't pay, you will have to.

Example

John Wiles owns his home. His daughter Jane and her two young children come to live with him and Jane pays him rent. Who is liable for the Council Tax?

John is liable for the Council Tax as he is the owner and lives in the property. He can ask Jane for a share of it if he wants to.

Some residents are not liable to pay Council Tax. They include:

- people in care homes
- people who live in accommodation, such as bedsits, where rent is paid for separate rooms rather than for self-contained flats
- domestic staff living in accommodation owned by their employer, monks, nuns and members of religious orders and ministers who live in a home where they also work.

These people **don't** have to pay Council Tax. The owner is liable to pay it, unless they pass responsibility to the resident using formal procedures.

When are you liable?

Council Tax is a daily tax. Although the amount is usually quoted for a full year it is, in fact, due each day at 1/365th of that amount. So if you move from one property to another you are charged Council Tax daily for the old property until the day before you move out. You are charged Council Tax for the new property from the day you move in.

Similarly, any discounts are also calculated daily.

Empty property

If no one lives in a property as their main home, then the owner (or the leaseholder) is normally liable to pay Council Tax. But you will get a discount of at least ten per cent off the Council Tax due on an unoccupied dwelling, or second home.

No Council Tax is due on an empty dwelling belonging to:

- a person in hospital or in a care home
- a person who has gone to live elsewhere to **give** personal care to someone else who is old or ill or disabled
- a person who has gone to live elsewhere to **receive** personal care from someone else because they are old or ill or disabled
- a person in prison (unless they are there because they have not paid their Council Tax).

You don't have to get any particular benefit to qualify as ill or disabled.

Empty property which has been repossessed by a bank or building society is exempt from Council Tax. Property which is left empty and unfurnished is exempt from Council Tax for six months. So people who have moved will not have to pay tax on two properties unless it takes more than six months to sell the first one. After someone dies, their property is exempt from Council Tax from the date they die until six months after the will has been settled. Also, a property which is empty because it needs major repairs or alterations to make it habitable is also exempt. This exemption applies for a maximum of 12 months whether the work is actually finished or not by then.

Example

Joan Broadhurst lives at 35 Acacia Avenue in Billericay. On 6 August 2007 her sister Maisie dies, leaving Joan her bungalow in Pontefract. It takes five months to sort out the will. Maisie had paid her Council Tax in advance for the whole of 2007–2008 and the council refunds the excess from 7 August 2007 to 31 March 2008 to the estate. Six months later the bungalow is finally sold. No Council Tax is due on the empty property for that whole period.

In 2008 Joan herself is 80 and goes to live in Leafy Glade care home. She does not sell her own house as she hopes one day she may return there. As soon as she leaves the house no Council Tax is due. Joan had paid it in advance, so she can claim a refund up to the end of the year. She is not liable to pay any Council Tax in her care home.

Anyone who thinks their property should be exempt from Council Tax should contact their local council.

How much will your Council Tax be?

There are four things which decide how much Council Tax you have to pay:

- the local council's budget
- the value of your home
- the number and type of people living in your home
- your income and savings.

The council's budget

Each council sets its budget and its Council Tax level in March. The budget should be set to provide what the Government considers to be a standard level of service to local taxpayers. If the council tries to raise more money than the Government thinks it needs to provide this level of service, then it has sweeping powers to intervene to keep the spending and the Council Tax down.

Most of the money to pay for local services such as rubbish collection and education comes from the Government. The amount the Government pays to each council varies widely and that can cause the tax charged by neighbouring councils to vary widely.

The value of your property

Council Tax bands

All domestic property was valued in 1991 and put into one of eight bands, labelled A (the cheapest) to H (the most expensive). In Wales there are nine bands, with I being the most expensive. The bands for England, Scotland and Wales are set out below.

Band	England	Scotland	Wales
A	up to £40,000	up to £27,000	up to £44,000
B	£40,001 to £52,000	£27,001 to £35,000	£44,001 to £65,000
C	£52,001 to £68,000	£35,001 to £45,000	£65,001 to £91,000
D	£68,001 to £88,000	£45,001 to £58,000	£91,001 to £123,000
E	£88,001 to £120,000	£58,001 to £80,000	£123,001 to £162,000
F	£120,001 to £160,000	£80,001 to £106,000	£162,001 to £223,000
G	£160,001 to £320,000	£106,001 to £212,000	£223,001 to £324,000
H	above £320,001	above £212,001	£324,001 to £424,000
I			above £424,001

Revaluation in Wales

In **Wales** all homes were revalued and put into nine new bands (A to I), based on house prices at 1 April 2003. These new bands have been used for calculating Council Tax from 1 April 2005.

If you have any questions about the rebanding in Wales you can call the **Valuation Office Agency (VOA)** helpline number **0845 600 1748**. If you don't agree with your new Council Tax band, you can appeal (see page 10).

In England, the Government has postponed plans to revalue and reband all homes. At the time of publishing there are no plans to revalue homes in Scotland.

Charges

Each council will set a **standard Council Tax**, based on the amount of money it needs to collect to balance its books. This standard Council Tax is the amount that homes in band D will be charged. Homes in bands A, B, and C will pay less. Homes in bands E, F, G, and H (and I in Wales) will pay more.

The proportion of the standard council tax which is due in each band is shown below. The amount due for your band should be stated on your bill.

Band

A	two thirds standard tax (67%)
B	seven ninths standard tax (78%)
C	eight ninths standard tax (89%)
D	standard tax (100%)
E	one and two ninths standard tax (122%)
F	one and four ninths standard tax (144%)
G	one and two thirds standard tax (167%)
H	twice standard tax (200%).

Wales only:

I	two and one thirds standard tax (233%).
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Valuation

Your Council Tax bill will show you which valuation band your property is in. If you think the band is wrong, then you may be able to appeal (see page 10).

Many properties have a valuation which is different from the actual value today. This has happened because the valuers had to follow certain rules.

Some of these rules make the valuation **higher** than the real value:

- Property was valued as if it was for sale on the open market with no one living in it, so any tenants were ignored.
- Leasehold property was assumed to have 99 years left on the lease. So property with only a short period left on the lease will be worth less than its valuation.
- Any restrictive covenants (agreements which set out things owners are not allowed to do) were ignored. These might reduce the value of a property considerably if they limit what you can do to your home.
- It was assumed that the property was in good repair and order. So the reduction in value due to the poor condition of a property was ignored.

Other rules make the valuation **lower** than the real value:

- No consideration was given to the value of any fixtures or fittings.
- Any potential development value was ignored.

One rule has caused more confusion than any other: each property was valued at the price it would have fetched on a particular date (1 April 2003 in Wales; 1 April 1991 in England and Scotland, including any changes made to the property up to 1 April 1993).

It is this value that determines which band your property is placed in. Property in most parts of Britain has changed in value since this valuation. So, many people will find that the actual value of their property is not the same as the 'value' given to it under the Council Tax valuation and banding scheme.

However, an out-of-date valuation does **not** mean that you will have to pay more Council Tax. The banding of properties is just a way of sharing out the Council Tax between local people. The council still has to raise the same amount of money. If all property has fallen by the same percentage, then revaluing at current prices would result in the tax being fixed at a higher level, so on average people would end up paying the same tax.

In Wales all properties have now been revalued, based on prices as at 1 April 2003. The Government has postponed plans to revalue and reband all homes in England.

Council Tax in areas where homes are generally more expensive, such as the south-east of England, is generally higher than the tax in areas such as the north where homes are cheaper. This is because the Government has decided that councils with a high proportion of properties in the higher valuation bands will get a lower Government grant than areas with a high proportion of lower banded properties. So where more properties are in the higher bands, the average tax will be higher.

Once a dwelling has been put into a band, it will not be revalued as house prices fluctuate. However, it may **be revalued if a substantial change is made to it that affects its value**, such as extending or demolishing part of it. If the change leads to a reduction in the band, then it takes place at once. If the change leads to an increase in the band, it will not take place until the property is sold or changes hands.

Appeals

You can appeal about:

- whether or not a property should be on the valuation list
- if your property is a mix of domestic and business property, what the proportions are
- which valuation band your property is in.

Who you contact depends on what you are appealing about:

Appeals to the valuation office (assessor's department in Scotland)

You can appeal for your property to be rebanded if its value has changed because:

- part of it has been demolished
- it has been altered so that a disabled person can live in it
- the state of the local area has physically changed
- the value has increased because the lease has been extended by a previous owner.

For more information contact your local valuation office. You can find the address in your phone book or by visiting www.voa.gov.uk In Scotland, ask your local council how to get in touch with the assessor's office, or visit www.saa.gov.uk

Appeals to your local council

You can appeal to your local council if you think:

- Council Tax should not be due on your home at all
- the council is sending bills to the wrong person
- the council has not given you a discount that you should be entitled to: for example, if you are disabled. See page 11 for more information on reductions.

Appeals can be complicated so try to get some help from a local advice agency such as your local Citizens Advice Bureau. **Don't stop paying your bill whilst waiting to hear about your appeal.**

Council Tax reductions

There are several ways that you can get your Council Tax reduced.

- If you live alone (or are counted as living alone) your bill will be cut by 25 per cent.
- If you are disabled and your house meets certain conditions your Council Tax can be reduced.
- If you are on a low income you may be able to claim Council Tax Benefit, which is paid by reducing the amount of Council Tax you have to pay.
- If another adult lives with you and they are on a low income you may be able to claim Alternative Maximum Council Tax Benefit (also known as Second Adult Rebate)

Who do you live with?

Where two or more adults live in a dwelling, the full Council Tax normally has to be paid. Where only one adult lives in the dwelling there is a 25 per cent discount. If you live alone, or with one of the people listed on page 12, who are not counted, tell the council so you get your 25 per cent discount.

When counting the number of adults in a dwelling, some adults are not counted at all. People who are not counted include:

- people under 18;
- people aged 18–19 and in full-time education or in between school and higher education;
- full-time students, student nurses, apprentices, and young people on youth training;
- people in hospital or in care homes;
- people in prison (except for non-payment of Council Tax);
- people who have severe learning difficulties **and** get one of a number of disability benefits including Incapacity Benefit, Employment and Support Allowance, Severe Disablement Allowance, Attendance Allowance, Constant Attendance Allowance, and Disability Living Allowance care component at the middle or highest rate;
- people caring for someone who is disabled and who gets either the higher rate of Attendance Allowance or the highest rate of Disability Living Allowance care component, **but**
 - the disabled person must **not** be the carer's spouse or partner or their

own child under 18; **and**

– the carer must live with the disabled person and give at least 35 hours of support a week; and

- monks, nuns and those staying in certain overnight shelters for the homeless.

If none of the adult residents living in the property are counted, the Council Tax is reduced by 50 per cent. But no Council Tax is due if:

- everyone living in the dwelling is a student or is aged less than 18; or
- everyone living in the dwelling has severe learning difficulties; or
- a mixture of both: for example, someone with severe learning difficulties and a student or someone aged under 18 acting as a live-in carer.

Example

Mathilda Morris has lived alone in her house since her husband Stan died. She gets a 25 per cent discount on her Council Tax bill. Her cousin Angelina returns from abroad and Mathilda says she can come and live in her spare room. From the time Angelina arrives, Mathilda's Council Tax goes up to the full 100 per cent rate, but it is still Mathilda who has to pay the tax, not her cousin. When Mathilda explains this to her cousin, she offers to pay the extra to Mathilda. After a few months Angelina starts a course at a college and is counted as a student. Mathilda tells the council and her 25 per cent rebate is reinstated from the start of Angelina's course.

Disabled people

There are special rules if a disabled person lives in a dwelling. The property should be moved down one valuation band if:

- there is a second bathroom or kitchen which has been adapted for use by a disabled person
- there is an extra room which is mainly used for a disabled person's particular needs: for example, a room for kidney dialysis; or
- there is extra space inside to allow a disabled person to move around in a wheelchair.

An extra room does not need to have been specially built, but simply rearranging rooms (for example, having a bedroom on the ground floor rather than the first floor) is unlikely to make your home eligible for a reduction.

If the property is already in band A, the Council Tax will be reduced by one sixth. Contact your local council for more information on how to apply for a disability reduction in your Council Tax.

Council Tax Benefit

People with a low income and savings may be able to get help with their Council Tax through **Council Tax Benefit**. This is paid by reducing the amount of Council Tax you have to pay. If you get the guarantee credit part of Pension Credit or have a very low income, you will get full Council Tax Benefit. This means you won't have to pay any Council Tax at all. Contact your local council for further information.

Alternative Maximum Council Tax Benefit

There is also a special Council Tax Benefit which can be paid in some cases even if your income or savings are too high to get the normal Council Tax Benefit. This special benefit is called **Alternative Maximum Council Tax Benefit (or second adult rebate)**. You can get it if you are single and have someone living in your home who meets **all** the following conditions:

- is aged 18 or more;
- is your non-dependant (an adult who lives with you and shares your house, ie doesn't just share a bathroom or communal area);
- is not paying you rent;
- is not in one of the disregarded groups for council tax discount (people who are severely mentally impaired, carers, people in a hospital or care home, young people, students, student nurses, trainees and apprentices);

If you are in a couple you are only eligible if either you or your partner is in one of the disregarded groups for council tax discount. These groups are people who are severely mentally impaired, carers, people in a hospital or care home, young people, students, student nurses, trainees and apprentices.

Or, if there are more than two adults living in your home, at least one of them must be in one of the is regarded groups for council tax discount (see above).

If the person living with you gets any Pension Credit, Income Support or income-based Jobseeker's Allowance, then you get a rebate of 25 per cent on your Council Tax.

If their gross weekly income, before tax is deducted, is less than £175 then you get a rebate of 15 per cent.

If their gross weekly income is less than £227.99 (but more than £175) then you get a rebate of 7.5 per cent.

If their gross weekly income is £227.99 or more, then no Alternative Maximum Council Tax Benefit is payable.

Any savings they have don't count, but any interest on their savings (before tax is deducted) counts as part of their income. Any Attendance Allowance or Disability Living Allowance they get is ignored when calculating their gross income. The rebate applies to the Council Tax due for each day they are living with you and fulfil the conditions.

If you have more than one person living with you (such as two grown up children) and they all meet the conditions listed above, then you may still get the Alternative Maximum Council Tax Benefit. The rules are similar to those if you have just one person living with you. If their incomes added together (ignoring any Pension Credit, Income Support or income based Jobseeker's Allowance) are less than £175, then you get a 15 per cent rebate, and if their incomes added together are less than £227.99, then you get a 7.5 per cent rebate. If everyone living with you is on Pension Credit, Income Support or income based Jobseeker's Allowance, then you get the 25 per cent rebate.

The rules about Alternative Maximum Council Tax Benefit are complicated. But if you think you may be eligible get some advice or put in a claim to your local council. **The council will not give you the rebate unless you apply for it.** Ask for a claim form for Alternative Maximum Council Tax Benefit. It may be the same form as for normal Council Tax Benefit. It can be backdated up to a year in some cases.

You can't receive both Council Tax Benefit **and** Alternative Maximum Council Tax Benefit; if you would be eligible for both, then the council should award you the one which leaves you better off. For further advice on Alternative Maximum Council Tax Benefit call **SeniorLine**, on **0808 800 65 65**.

For further information contact:

Information Resources Team
Help the Aged
207–221 Pentonville Road
London N1 9UZ
Tel: 020 7278 1114

If you have access to the internet you can download our advice leaflets and information sheets by logging on to **www.helptheaged.org.uk**

SeniorLine is the free welfare rights advice and information service run by Help the Aged for older people and their carers. Trained advice workers offer free, confidential and impartial advice about:

- welfare and disability benefits
- care at home
- residential care
- housing options and adaptations
- access to health and community services.

Freephone: **0808 800 6565**

Textphone: **0800 26 96 26**

9am to 4pm, Monday to Friday

If you are in **Northern Ireland**, contact **SeniorLine** on **0808 808 7575**.

This information sheet was first written for Help the Aged by freelance journalist Paul Lewis.

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Age Concern England (charity number 261794) has merged with Help the Aged (charity number 272786) to form Age UK, a charitable company limited by guarantee and registered in England: registered office address 207–221 Pentonville Road, London, N1 9UZ, company number 6825798, registered charity number 1128267. Age Concern and Help the Aged are brands of Age UK. The three national Age Concerns in Scotland, Northern Ireland and Wales have also merged with Help the Aged in these nations to form three registered charities: Age Scotland, Age Northern Ireland, Age Cymru.