

THE COUNCIL TAX REGIME

The Council Tax regime, introduced by the Local Government Finance Act 1992, is primarily a tax on domestic property but the number of residents in a given property is a factor in determining how much a household pays. All domestic properties in the borough have been assigned by the Valuation Office Agency of the Inland Revenue to one of eight value bands, with properties in the lowest band (A) being liable for the lowest bills and those in the highest band (H) for the highest. The difference in the proportion of tax paid at each band level is fixed by statute in broadly the following ratios.

Band A 0.7	Band B 0.8	Band C 0.9	Band D 1.0
Band E 1.2	Band F 1.4	Band G 1.7	Band H 2.0

The Council is required to determine the tax at the Band D level, by reference to the previously agreed tax base which expresses all domestic properties in the borough in terms of Band D equivalents adjusted for estimated losses on collection. The basic tax for each property is then determined by applying the appropriate ratio to the Band D tax figure. However, overlaying this is a complex system of discounts. In addition, there is a hierarchy of persons liable to pay the tax on any property, so that liability is not always easy to determine.

Properties were valued for Council Tax purposes by reference to their market value on 1st April 1991 and the movement in market values since that date should have no impact on relative valuations and hence on the bills facing individual households. The market values determining the band to which each property has been assigned are as follows:

Property Band	Value (£000)
A	40 or under
B	40 – 52
C	52 – 68
D	68 – 88
E	88 – 120
F	120 – 160
G	160 – 320
H	Over 320

Bills are discounted by 25% if there is only one adult resident in the property, and the original scheme allowed discounts of between 50% and 100% if the property is unoccupied, or a second home. Later legislation was introduced giving Local Authorities the discretion to reduce the discounts awarded for long term empty properties and second homes, with the result that the maximum discount now allowed in Milton Keynes for such properties is now 10%.

The number of resident adults in a property will in many instances be a notional figure since there are several categories of resident who are disregarded for this purpose. Persons in these categories of disregarded adults include those who are severely mentally impaired, school children aged 18 or over, apprentices, trainees and student nurses, resident care workers provided by a charitable body,

and persons in detention or in long-term residential care. Many low income families nevertheless benefit significantly from eligibility for Council Tax rebates of up to 100% of the tax.

Joint and several liability for the payment of the Council Tax applies to any person falling into the same category in the hierarchy of liability as the liable person to whom the bill is sent. This hierarchy of liability is:

- Resident freeholder
- Resident leaseholder
- Resident statutory or secure tenant
- Resident with a contractual licence to occupy
- Other resident
- Owner