

30) COUNCIL TAX - The latest in a series of articles by Iain Gregory of Caithness CAB

It is Easter Monday and I have a day off which means that we will be heading for Wick where Liz will shop whilst I am placed in the crèche (cafe) until required to attend at the checkout. The time now is 0600 and I have decided to spend a couple of hours dealing with my own business affairs without the phone ringing. Among the usual pile of emails is a suggestion from HMRC that I might like to check my account. With due caution I have done so and found that - as usual - they want protection money. This is bad enough, but I have now cast a jaundiced eye over my Council Tax bill and found that it is some £150 more than last year.

Now, complain as one might about Income Tax - (and in Scotland, we have good reason to do so as the higher rate threshold in Scotland is now £1570 lower than in the rest of the UK so we will pay an extra £628 more than someone in the same position in England or Wales) - it is at least based upon income and is therefore reasonably fair. Council Tax is altogether different. This was recognised as far back at 2007 when the current Scottish Government's manifesto said "We will scrap the unfair Council Tax" and "those on low and middle incomes will on average be between £260 and £350 a year better off". An admirable plan and I have no doubt it was meant but of course these things are never quite so simple when you actually try to make them happen. As I recall the plan was to replace CT with a local Income Tax, but this is always extremely complex and it is vital to make sure that nobody on a low income will be disadvantaged. So ten years later reform hasn't taken place. What has happened has been a nine year freeze on CT followed this month by a Highland-wide 3% increase. The problem is that people living in houses which fall into bands "E" and above have been hit with a further rise of between £2 and £10 per week on top of the basic rise. We are told that this is because bandings have been "reviewed" to "make the system fairer". Which brings me back to my point that the only fair tax is one based upon income - which is why VAT is, and always has been, unfair and oppressive to the poorest in our society.

So what can we do? Well in many cases we will not be able to do anything at all except to render unto Caesar that which Caesar believes he / she is entitled to. (Just don't expect to say any major improvements to the local infrastructure and services any time soon). Legislation does exist to enable you to challenge the banding of your home – in the hope that it will be placed in a lower band – but I would urge great caution if you are thinking about this and there are deadlines within legislation. Valuation Bands range from "A" to "H" and are supposed to "reflect the market value of your property as at 1st April 1991". I recall that when the "Rates" still existed (before the "Poll Tax") my father appealed his rateable value – and won – but if you are considering this please come and see CCAB first and we can talk about it.

A point of which many people are unaware is that you have the right to apply for “Council Tax Reduction”. A lot of readers this will probably assume that they are not entitled, as their income will rule them out, but this is not necessarily the case. Pensioners in particular often fail to claim their entitlements and the best way to find out is to let CCAB run a check for you – this only takes a few minutes and, if you are entitled to claim CTR, then we will steer you through the process. Here are a couple of examples - taken from the Highland Council Guide. A single pensioner (perhaps a widower) aged 65+ who lives in a Band C house and who has a weekly net income of less than £249.15 may be entitled to CTR. A single person with two children living in a similar property may be entitled if the weekly net income is less than £316.96 and for a couple with two children the figure is £384.21. Clearly, the amount of any reduction will depend upon your income, but it makes great sense to check.

There is also what is described as a new relief as well – the snappily titled “Band E to H CTR”. This rather bears out my personal belief that Council Tax is a cumbersome and pointless tax in the first place but what it means is that if you live in a house banded “E” to “H” you can apply for relief from the new increase applicable to these properties. The rules are different than the existing rules for main CTR (“s14 CTR”). The new CTR uses two income thresholds: £321 per week for people who are single with no children and £479 per week for all other households, with less than £16,000 capital. (Think £16,750 per annum if single and £25,000 for other households). There are no premiums for particular circumstances, such as disability. The band E-H relief CTR applies to both pensioners and non-pensioners, although income and capital are still worked out differently.

To summarise then you are entitled – if you fit the criteria – to claim “Basic” CTR and I suspect a lot of people are going to be entitled to claim “E to H CTR”. If you come and see CCAB we will work it all out and our system has been upgraded to allow us to do a “better off calculation” between s14 CTR, bands E-H relief CTR and the second adult rebate, and we will then apply for whichever awards the highest amount to you.

And here is one little known fact which is particularly applicable to Caithness - if a dwelling is a farm house, farm cottage, croft house or house connected with fish farming and is occupied in connection with the farm, croft or fish farm it will be valued on the assumption that it could only be occupied in this way. For example it would be assumed that a farm house occupied by a working farmer could only ever be occupied by someone who was working the land on which the farmhouse stands. This assumption will generally have the effect of lowering the market value of the dwelling. Worth looking at if that describes your home?

So there we have the basics – and there is a good bit more as well – so please get in touch. And now I am going to head for Wick and hand over even more tax when I buy my mocha and cream bun.

