

COUNCIL TAX

A Guide to Valuation, Banding and Appeals

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Introduction

The council tax is a local tax set by local councils to help pay for local services.

This booklet explains how properties in England are valued for council tax purposes, what this means for your council tax bill and how you can appeal against your valuation. However, this booklet should not be regarded as a complete guide to the law.

1. How are dwellings valued?

Each dwelling is placed on a valuation list in one of eight valuation bands, from A to H. The list will show only the band to which your home has been allocated, not its actual value.

Valuations are carried out by the listing officer at the Valuation Office Agency (part of the Inland Revenue), not your local council. The basis of valuation is the 'capital value' of each dwelling. Valuation lists can only be compiled fairly by assessing the values of dwellings on one common date. 1 April 1991 is the date, which was chosen for this exercise.

Capital values are arrived at by estimating the amount each dwelling might have been sold for on the open market, subject to certain assumptions, if it had been sold on 1 April 1991, (taking account of any significant change to the property between then and 1 April 1993, such as an extension). The object is to determine the relative values of properties within a particular area as at a particular date. Changes in value since then do not normally count (but see section 5)

The range of values, based on 1991 prices, which, each band covers, for England is as follows:

<u>Band</u>	<u>Range of values (at 1 April 1991)</u>
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

Within a local area, basic council tax bills for each of the different bands will differ according to proportions laid down by law. The proportions are:

Band A	6
Band B	7
Band C	8
Band D	9
Band E	11
Band F	13
Band G	15
Band H	18

So for example, if the council tax for a dwelling in band A is £120, the bill for one in band D will be one and half times that amount (6:9) - £180 - for one in band H three times that amount (6:18) - £360 - and for a dwelling in band F, it will be £260 (6:13)

2 What counts as a dwelling?

Houses, flats, bungalows and maisonettes all count as dwellings provided they are at least partly used for domestic purposes. And if part of the property - for example, an annex - is entirely separate and self-contained, that, too will count as a separate dwelling in its own right. Mobile homes and houseboats also count as dwellings if they are someone's main home. Certain other properties, however, such as houses occupied by more than one household who share cooking and washing facilities (for example, groups of bed-sits or some hostels) will generally only be treated as one dwelling

3 What are the assumptions used in the valuation?

In order to ensure that all valuations are carried out fairly and on the same basis, a number of assumptions must be made. The assumptions are set out by law, and include the following:

- the sale was with vacant possession;
- houses were sold freehold;
- flats were sold on 99 year leases;
- the size, layout and character of the dwelling and the physical state of the locality are the same as they were on 1 April 1993, or, if a later alteration is being made to the list, generally as they were on the day the alteration comes into effect.

4 What happens where house prices have risen or fallen since 1 April 1991?

Because council tax valuations are always based on the price a property would have fetched if it had been sold on 1 April 1991, any increase or reduction in a dwelling's value, which results from general changes in the housing market, will not affect its valuation.

Such general movements in house prices will not, therefore, be a reason for changing your council tax band.

The banding of a dwelling establishes its value relative to other dwellings in a local area. Changes in the housing market will mean that house prices will vary over time, both upwards and downwards. Generally speaking, though, such changes will occur in the value of all properties in the area and will not affect the relative values, which the bandings represent. The Government does not have any plans to carry out a revaluation of the banding of all dwellings in the country.

5 Can valuations change at all?

Individual dwellings may be re-banded after the valuation list is compiled, for instance (see also section 8):

- If your home decreases in value because part of it is demolished, because the physical state of the local area changes or because alterations have been carried out to make it suitable for use by a person with a physical disability;
- If you start or stop using part of your dwelling to carry out a business, or the balance between business and domestic use changes;
- If your home increases in value because you have carried out improvements to it, such as building an extension, but the banding will not be looked at until such time as it (or any part of it) is sold. Any change in the banding will take effect only from the date of the sale.

If it is necessary to alter the banding, your home will be assessed on the amount it would have been expected to sell for on 1 April 1991. If the change in value is only slight, it may not be enough to move your home from one band to another. If you disagree with the new band, you may appeal (see section 7 below)

It is also possible that the listing officer may allocate your home to a different valuation band if he or she believes that a mistake was made when the current banding was first entered in the list. Again, if this happens, you have the right to appeal against the alteration.

6 What are the arrangements for people with physical disabilities

Any special fixtures designed to make your home suitable for a person with a physical disability which **add** to its value should have been disregarded when the listing officer first valued the property. This means that your home would have been valued as if the special fixtures were not there, so as to ensure that your home is not placed in a higher band because of them.

On the other hand, if your home has special fixtures, which **reduce** its value, they should be taken into account in deciding which valuation band your home should be in. This means that, because of the fixtures, your home may be placed into a lower valuation band than it would otherwise have been. If you do not think the fixtures have been taken into account - because, for example, they are internal - you should contact the listing officer at the local office of the Valuation Office Agency.

There is a separate scheme of reductions for people with disabilities, the details of which are set out in the free booklet "A guide to your council tax bill ". If you, or

someone living with you, needs extra space to use a wheelchair, or a room, an extra kitchen or bathroom, because of a disability, you may be eligible for one band reduction to your bill.

If you think this scheme applies to your home, you should contact your council for an application form.

7 Can I appeal?

Yes, in the circumstances described below. You should appeal to the listing officer for your area (not to your council), who will normally be based at the local office of the Valuation Office Agency. An appeal takes the form of a *proposal* to have your dwelling placed in a different valuation band and must be made in writing.

Normally, you can appeal only if you are:

- the person liable to pay the council tax;
- the person who would be liable if the dwelling were not exempt;
- the owner of the dwelling.

(It is possible to be liable if you are not the owner of a dwelling, for example if you are a tenant and your landlord lives elsewhere). Your council will also have the right to appeal.

Making an appeal does not allow you to withhold payment of the council tax owing in the meantime, and you should continue to pay your bill while your appeal is outstanding.

There is no appeal against the amounts of council tax set by your council each year.

8 What are the grounds for appeal?

You can make an appeal against the banding of your home if you become the new taxpayer for the property. Otherwise, the grounds for appeal about the banding are restricted to the following cases:

- where you believe that the banding should be changed because there has been a material increase or material reduction in the dwelling's value (these terms are explained below);
- where you start or stop using part of your dwelling to carry out a business or the balance between domestic and business use changes;
- where, following either of the above, or for any other reason, the listing officer has altered a list without a proposal having been made by a taxpayer.

A material increase in value may result from building engineering or other work carried out on the dwelling. ***In these cases revaluation does not take place until after a sale - so the person appealing would normally be the new owner or resident.***

A material reduction in value may result from the demolition of any part of the dwelling, any change in the physical state of the local area or an adaptation to make the dwelling suitable for use by someone with a physical disability. ***In these cases revaluation should take place as soon as possible***

Rebanding will not take place if the increase or reduction in value is relatively small and not enough to move the dwelling to another band.

You can also appeal if you believe that your home should not be shown on the valuation list, for example if you think it is not in itself separate, self-contained accommodation. Equally, you can appeal if you think it should be shown in the list, if for example it used to be used for business purposes, which have now ceased.

9 *How do I appeal*

If you wish to make an appeal, you should contact the listing officer for your area at the local office of the Valuation Office Agency, not your council. The address will be shown on your council tax bill, or you will usually be able to find it in the phone book under 'Valuation Office'. The listing officer will provide you with the necessary form to make your proposal. You will be asked to identify the dwelling in question, and state in writing:

- your name and address;
- your interest in the dwelling (e.g. owner or tenant)
- why you believe the list is wrong and how it should be altered

If the listing officer needs more information, he/she will get in touch with you. You will not have to attend a hearing at this stage.

If the listing officer agrees with your proposal he/she will alter the valuation list and your council will be required to revise your council tax bill and adjust your payments if necessary.

If the listing officer does not agree with your proposed alteration, if you cannot agree on an alternative one, or if no decision has been made at the end of six months, the listing officer must refer your proposal to a *Valuation Tribunal* as a formal appeal.

The appeals process has been designed to be as simple and straightforward as possible. You do not need to employ an estate agent, solicitor or any other person to help with your proposal. You may do so, however, if you wish and feel it would be helpful.

If the listing officer believes that a proposal has not been made correctly, he/she may reject the proposal as invalid. If you disagree with such a decision, you will be able to appeal against that, too, the valuation tribunal direct.

10 What is a valuation Tribunal?

Valuation tribunals are judicial bodies, whose members are experienced in hearing council tax appeals. They are wholly independent of the local council and the listing officer.

You will be notified by the listing officer when your appeal is referred to a valuation tribunal. In due course the tribunal will contact you to make arrangements for a hearing and will send you a booklet explaining the tribunal's procedures in more detail. Where possible, the hearing will be held locally. A tribunal hearing **will not cost you anything** unless you choose to employ a solicitor or other person to present your case.

Alternatively, if you and the other parties agree, you can have your case dealt with by an exchange of written representations, which the tribunal will consider without you having to attend a hearing. You should speak to the clerk of the tribunal if you are thinking of following this procedure.

Normally, the valuation tribunal's decision will be final. However, any party who appeared at the hearing may appeal to the High Court against the decision or any order, which arises from it, but only on a point of law.

If the tribunal upholds your appeal, the listing officer will be required to alter the valuation list. Your council will then revise your council tax bill and adjust your payments if necessary.

You must continue to pay your council tax bill while your appeal is outstanding.

11 How are Completion Notices dealt with?

Councils issue completion notices in order to identify the day when the work remaining to be done on a new building or a conversion will be completed, and therefore becomes a dwelling for council tax purposes. It is then entered in the valuation list with effect from that date.

This avoids any of the uncertainties, which could arise if the date of completion were fixed retrospectively, such as who was liable and for how long.

If you do not agree that the outstanding work can be completed by the date shown in the notice, you may appeal to a valuation tribunal. The completion notice will normally state the date by which you should appeal. That will be within four weeks from the date the notice was sent. If you have already received a completion notice, which does not specify a date by which an appeal must be made, you should contact your council who will tell you when your appeal rights expire. Appeals should be made direct to the valuation tribunal, though you may choose to discuss the matter with your council first if there is time.

FURTHER INFORMATION

A booklet is also available explaining who has to pay the council tax, and the range of reductions, discounts and exemptions which can apply.

A further free booklet explaining Council Tax Benefit is available from post offices and some local social security offices.

If you have further questions, you should contact your local council or Citizens Advice Bureau or you can write to the Department of the Environment at Room N6/06, 2 Marsham Street, London, SW1P 3EB