A fairer council tax for Scotland

General Features | Property Tax



23 October 2023

LITRG submitted a response to the Scottish government and Convention of Scottish Local Authorities consultation on a fairer council tax.

The Scottish government teamed up with the Convention of Scottish Local Authorities (COSLA – on behalf of local government) to consult on a fairer council tax system. The consultation (tinyurl.com/3rkjn6tt), published in July 2023, concerned the multipliers for properties in council tax bands E, F, G and H. The proposal is to increase the council tax charges on properties in bands E, F, G and H by 7.5%, 12.5%, 17.5% and 22.5% respectively. The consultation also considers the timing of the proposal and whether the council tax reduction scheme should be expanded to protect those on lower incomes who would be affected by the rises.

LITRG agrees that the current schedule of rates is regressive, as the consultation points out. This is because the rates on lower value properties are effectively higher than those on higher value properties. The proposals would go some way to addressing the regressive nature of council tax.

As the consultation specifically refers to making council tax fairer, LITRG comments on the topic of fairness, noting that what is ‘fair’ is subjective. Nevertheless, there are certain necessities for a tax to be fair, however one wishes to define fairness. For example, it seems to us that for a tax to be fair, it must tax the base that it is meant to tax, and the tax base must be accurately assessed or valued.

While the consultation acknowledges the fact that council tax is currently regressive in nature, it is extremely disappointing that it ignores another fundamental problem with council tax – the fact that it is based on 1 April 1991 property values. We note some of the discrepancies that result from the use of outdated values, including the fact that properties that were not built in 1991 are assigned a wholly hypothetical value.

There is evidence that shows that properties are in the wrong bands, so the proposals in the consultation are likely to affect some properties they should not, while not applying to some that they should.

As a result, we think that a full revaluation of all properties in Scotland is a prerequisite for changes to council tax such as those proposed. It is not possible to address the regressive nature of council tax in a meaningful and fair way without first ensuring that the values are correct. Conducting a full revaluation first and then making other changes to council tax would ensure that any other changes, such as those proposed in this consultation, affect the appropriate and/or intended properties. In addition, we call for a commitment to update valuations on a regular basis going forward.

The full LITRG response can be found here: www.litrg.org.uk/ref2799.

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