Scotland: inquiry on council tax reform: CIOT and LITRG respond

General Features

24 March 2025

Prior to the Scottish government announcement on building consensus on council tax reform, the Local Government, Housing and Planning Committee of the Scottish Parliament invited the CIOT to give oral evidence in relation to its council tax inquiry. CIOT and LITRG also made a joint written submission in advance of the committee hearing.

The Local Government, Housing and Planning Committee (the committee) of the Scottish Parliament is considering possible reform of council tax in Scotland. It is exploring themes such as barriers to change, the pros and cons of a revaluation of domestic properties and learning from other countries.

Written submission

The joint CIOT and LITRG written response notes that there can be a perception among the general public that council tax is unfair. There are several reasons for this, including the outdated valuations, the way in which the banding system operates, the use of relative property values as a measure of ability to pay, the operation of discounts and exemptions, and perceptions of value for money. The written submission explores these different issues.

The written submission also sets out ourview that a prerequisite for future changes to council tax is a full revaluation of all properties in Scotland. This is because it is not possible for the tax to be ‘fair’ unless the values according to which the burden oftax is spread are correct. Once there has been a revaluation, the Scottish government could approach other reforms; for example, if it wished to make council tax less regressive, in the knowledge that the tax base is accurate and that the reforms will affect the intended properties.

We also note in our submission that council tax only contributes roughly a fifth of a local council’s overall annual funding. There is a general misconception that council tax covers much more of local councils’ budgets. Better public information about council tax is necessary, including the share of the local council budget it forms, and what it helps to fund, and particularly so during any period of reform.

Committee appearance

A LITRG Technical Officer gave evidence to the committee on behalf of the CIOT, alongside academics from the University of Glasgow and the Scottish Women’s Budget Group. A later evidence session was attended by the Fraser of Allander Institute and the Institute for Fiscal Studies.

All representatives emphasised the need for a revaluation to ensure the credibility of the tax base and the fairness of any reforms. They also noted the need for revaluations to take place on a regular basis thereafter. The CIOT said that, as in Wales, the commitment to carry out regular revaluation should be placed on a statutory footing.

The CIOT representative discussed some reforms that could take place following a revaluation. These could address the fact that the council tax scheme is currently regressive. For example, new bands could be added to deal with the fact that the highest band covers a huge range of values; there could be a move away from bands with a fixed charge to rates of tax (this would address the fact that there is regression within each tax band); and there could be changes to improve the take-up of discounts and exemption (these could ensure that those who need support receive it).

The CIOT representative emphasised the benefits of improving public awareness and understanding. This is both in terms of how council tax contributes to the funding of local councils and ensuring that people are aware of discounts and exemptions to which they are entitled.

The CIOT finished by encouraging the Scottish government to take control of the narrative when carrying out revaluation of property and undertaking the reform of council tax. This theme was picked up by representatives at the evidence session immediately following.

The papers for the council tax inquiry session are on the Scottish Parliament’s website at: tinyurl.com/bdcuab8w. The joint submission is on the LITRG website at: tinyurl.com/bdemeh7z

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