Scotland: Council tax high value property bands (mansion tax)

Property Tax

October 2026

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The ATT, CIOT and LITRG have made submissions to the Scottish government consultation on the proposed rates for two new council tax bands for high-value residential properties in Scotland, commonly referred to as a ‘mansion tax’.

Joint CIOT and LITRG response

The Scottish government is proposing to add two additional council tax bands for residential properties with a value of at least £1 million on 1 April 2026. The intention is for the new bands to take effect from 1 April 2028.

We note that the Scottish government will take account of responses to the consultation on the Future of Council Tax in Scotland (see www.litrg.org.uk/11179 for the joint response submitted by the CIOT and LITRG) when considering broader reforms to the council tax system in Scotland. It will also consider affordability protections and transitional arrangements in respect of the introduction of two new bands for high-value properties.

This proposal demands a targeted revaluation. Concerns are that 99% of valuations are more than 35 years out of date. The introduction of a parallel valuation system may also lead to valuation challenges: most properties are valued as at April 1991, while a few higher-value properties will have values as at April 2026.

The proposal involves the addition of two extra council tax bands. It does not create a separate tax charge. This should make it easier for councils to administer and taxpayers to understand. However, on that basis, we caution against the term ‘mansion tax’, as it suggests that this is a new tax and separate charge.

The proposals will not address the overall regressive nature of council tax, or various other issues that arise because of the use of outdated valuations. We reiterate that fairness (the rationale for this proposal) is subjective. Our view is that for a tax to be fair, it must tax the base that it aims to tax, and the tax base must be accurately valued.

The full response is on the LITRG website at: www.litrg.org.uk/11271.

ATT response

The ATT’s response focused on several practical and policy issues. While we did not comment on the specific tax rates proposed for the new Bands I and J, we questioned whether the introduction of only two additional high-value bands is sufficient to achieve the stated objective of fairness. We noted that council tax is based on property values rather than income and that households can be asset rich but cash poor. This may particularly affect homeowners whose properties have increased in value without a corresponding increase in disposable income.

We reiterated our earlier view (see tinyurl.com/4vju5ubt) that local government funding should, where possible, be linked more closely to ability to pay. If the Scottish government continues with a property-based system, we suggested introducing further bands above £2 million, together with graduated increases between all bands, rather than large cliff-edge jumps. We also recommended regular reviews of thresholds to ensure they remain appropriate over time. Where significant jumps between bands remain, we suggested that some form of marginal relief could be considered, provided it is simple to understand and applied automatically by local authorities.

We recommended that householders should have access to valuation evidence, a straightforward appeals process and clear guidance on reliefs, deferral arrangements and payment options before the new bands take effect. We also highlighted concerns about whether Scottish assessors will have sufficient time to complete valuations and deal with appeals before the planned implementation date, and noted the risk that substantially improved properties could be missed where there has been no recent sale or transfer.

The ATT additionally raised concerns about regional inequities. As higher-value properties are concentrated in certain areas, such as Edinburgh, some councils may benefit disproportionately from the additional revenue. Our response questions whether adequate equalisation measures exist to ensure fairness between local authorities. It also argues that decisions on the new bands should be coordinated with wider council tax reform proposals to avoid repeated valuation exercises.

Finally, we call for comprehensive reform of council tax, including possible revaluation of all residential properties, a simpler system linked more closely to ability to pay, and stronger recognition of regional differences in household circumstances and local authority revenues.

The full response is on the ATT website at: tinyurl.com/yyr7nav9.

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