Northern Ireland Assembly

Research and Information Service
Briefing Paper

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Comparative Overview:

Domestic Rating Systems across the United Kingdom and Republic of Ireland

Public Finance Scrutiny Unit

This Briefing Paper compares existing key provisions of domestic rating and its equivalents under current legislation in Northern Ireland, England, Wales, Scotland and the Republic of Ireland; and highlights any recent reform-related developments and announcements.

Introduction

This Briefing Paper was commissioned by the Assembly' s Committee for Finance (the Committee). It updates past RaISe Briefing Papers addressing Domestic Rating (NIAR 280-16[1], NIAR 22-23[2] and NIAR 23-2023[3]) and aims to support the Committee's consideration of Domestic Rating Systems; comparing existing key legislative provisions specifying rate-setting, exemptions and reliefs for individual households across the United Kingdom and in the Republic of Ireland – that is, Domestic Rates in Northern Ireland and its equivalent – namely Council Tax across Great Britain (England, Wales and Scotland), and Local Property Tax (LPT) in the Republic of Ireland. Thereafter, the Paper highlights any recent reform-related developments and announcements in each jurisdiction.

It is presented as follows:

1. Existing Domestic Rating Systems across the United Kingdom and the Republic of Ireland
2. Summary Comparative Table
3. Recent Reform-related Developments and Announcements
4. Key Takeaways.

Potential scrutiny points are highlighted in the Paper when issues arise from, or gaps exist in, currently available information/data. Please note that when relying on this Briefing, its contents are not intended to provide legal advice or opinion, and they should not be relied on as either.

1. Existing Domestic Rating Systems across the United Kingdom and the Republic of Ireland

Domestic Rates are a form of property tax, payable by those who occupy a property as their home, as an owner or a tenant. This section provides an overview of the Domestic Rating System currently operating in Northern Ireland and those equivalent systems across Great Britain – England, Wales and Scotland - and in the Republic of Ireland. As the below sub-

[1] http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2016/finance/5916.pdf

[2] Raise Briefing Paper NIAR-22-2023 Domestic and Non-Domestic Rates

[3] http://assemblyapps/RaiseEnquirySystem/RO/ROEnquiryDetails.aspx?ID=4357

sections highlight, generally speaking, the noted systems have some key similarities, such as:

- Domestic Rates are unhypothecated - meaning the revenue they generate is not earmarked for a specific purposes.
- Each system is overseen at local government level.
- Each stipulates both “reliefs” (meaning discounts that are available in certain circumstances) and “exemptions” (meaning some householders do not have to pay any rates)[4].

The noted systems also have distinct differences; making like for like comparisons between them inappropriate[5] - for example:

- Each jurisdiction uses a different valuation date for the property value, for example English Council Tax bills are based on the value of the property as of 1991, whereas the Domestic Rates are based on property values as of 2005
- Council Tax bills in Great Britain are based on the capital value ‘band’ in which a property sits, whereas Domestic Rates bills in Northern Ireland are based on the discrete (individual) value of the property; and
- Council Tax in Great Britain is a hybrid tax that is based on both the value of the property and the individual circumstances of the householder, whereas Domestic Rates in Northern Ireland and based solely on the capital value of the property.

Nonetheless, looking at the systems’ key similarities and differences illustrates how the noted governments have sought to put tax theory into practice. Further a basic overview explaining tax theory – whether a tax is proportional, progressive or regressive – see Appendix A in this Paper.

1.1. Northern Ireland

The Rates (Northern Ireland) Order 1977 (the 1977 Order)[6], as amended, provides the statutory basis in Northern Ireland for levying Domestic Rates on the occupier or the owner of

[4] How Council Tax works: Who has to pay - GOV.UK

[5] Ulster University Local Government Rates Comparisons 2024

[6] https://www.legislation.gov.uk/nisi/1977/2157/contents

the property in which that individual lives. More detail regarding the Domestic Rating System in Northern Ireland may be found in RaISe Briefing Paper (NIAR 22-2023) [7].

In Northern Ireland, Domestic Rates are calculated using two parts[8] :

- the capital value (CV) of the property; and
- the multiplier (the rate poundage).

The property CV is assessed at a set point in time; current CV on 1 January 2005[9].

The rate poundage is set annually. It comprises the following two parts, which then are added together for a total poundage, which varies by property location:

- The **District Rate** - set by each District Council and used to fund the Council's local services, for example, bin collections. Poundages vary by District Council - as detailed in Appendix B of this Paper; and,
- The **Regional Rate** - set by the Northern Ireland Executive and used to fund regional services, for example, the health service. The same poundage is set for all properties. Current poundages are between £0.009 and £0.011 depending on District Council area, a full list of poundages are set out in Appendix B.

1.2.1. Reliefs and exemptions

In Northern Ireland, there are a number of exemptions and reliefs available to homeowners and tenants. Reliefs are discounts that are applied to rates bills when bill payers meet certain criteria. Exemptions refer to situations where a property is completely free from paying rates. This means that no Council Tax is due for the property under specific circumstances[10]. Reliefs and exemptions in Northern Ireland include:

Reliefs:

- Housing Benefit and Rate Relief for homeowners
- Housing Benefit and Rate Relief for tenants
- Disabled Person's Allowance; and

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[7] http://assemblyapps/RaiseEnquirySystem/RO/ROEnquiryDetails.aspx?ID=4357

[8] Internal Review of the Rate Rebate Scheme Report

[9] Internal Review of the Rate Rebate Scheme Report

[10] www.theukrules.co.uk/rules/housing/council-tax/discounts-disregards

- Lone Pensioner allowance.

Exemptions:

- Some empty properties (such as those where the occupier is deceased or in detention)
- Rates on houses lived in by clergy and religious ministers; and
- Properties being used for charitable purposes.

More information on these is detailed in RaISe paper NIAR 22-23[11] and in Appendix C of this Paper.

1.2. Council Tax in Great Britain

Council Tax was introduced in Great Britain (England, Wales and Scotland) by the Local Government Finance Act 1992[12]; effective 1 April 1993, to replace the community charge or 'poll tax'. Council Tax was consciously designed as a blend of the community charge and the Domestic Rates system prevailing at that time[13].

Domestic properties or 'dwellings' are placed in 'bands' based on the sale value of the property. The bands differ slightly between England, Wales and Scotland. Banding in England and Scotland is based on sale values on 1 April 1991; and banding in Wales is based on sale values on 1 April 2003. There are no current plans for revaluation in any of those three countries. Current bands are stated below in Tables 1 to 3 respectively, Council Taxes based on property values at the specified dates[14]:

Table 1: Council Tax bands in England (based on 1 April 1991 property values)[15]

Band	Property value at 1 April 1991
A	up to £40,000
B	£40,001 to £52,000
C	£52,001 to £68,000
D	£68,001 to £88,000
E	£88,001 to £120,000

[11] RaISe Briefing Paper NIAR-22-2023 Domestic and Non-Domestic Rates

[12] https://www.legislation.gov.uk/ukpga/1992/14/contents

[13] https://researchbriefings.files.parliament.uk/documents/SN06583/SN06583.pdf; Also note that the domestic rating system had replaced in 1990 in England and Wales and in 1989 in Scotland.

[14] See footnote 10 (above)

[15] https://www.gov.uk/guidance/understand-how-council-tax-bands-are-assessed#council-tax-bands-and-annexes

F	£120,001 to £160,000
G	£160,001 to £320,000
H	more than £320,000

Table 2: Council Tax bands in Wales (based on 1 April 2003 property values)[16]

Band	Property value at 1 April 2003
A	up to £44,000
B	£44,001 to £65,000
C	£65,001 to £91,000
D	£91,001 to £123,000
E	£123,001 to £162,000
F	£162,001 to £223,000
G	£223,001 to £324,000
H	£324,001 to £424,000
I	more than £424,000

Table3: Council Tax bands in Scotland (based on 1 April 1991 property values)[17]

Band	Property values
A	Up to £27,000
B	Over £27,000 and up to £35,000
C	Over £35,000 and up to £45,000
D	Over £45,000 and up to £58,000
E	Over £58,000 and up to £80,000
F	Over £80,000 and up to £106,000
G	Over £106,000 and up to £212,000
H	Over £212,000

In England and Wales, valuations are carried out by the Valuation Office Agency through the appointed Local Listing Officer, and in Scotland through the Assessors.

In all three jurisdictions (England, Wales and Scotland), local authorities are required to calculate their budget requirements for each financial year, taking account of all sources of income other than Council Tax and considering the gap that needs to be filled a figure will calculated. This is referred to as the 'Council Tax requirement'[18]. That Council Tax requirement then is divided by the band D value, based on the location of the local authority.

[16] See footnote 10

[17] https://www.saa.gov.uk/council-tax/council-tax-bands/

[18] https://researchbriefings.files.parliament.uk/documents/SN06583/SN06583.pdf

Properties in the other bands then are liable for a proportion of that sum, using the band ratios as shown in Tables 1 - 3 above.

For each individual property, the billing authority must then apply any valid reliefs and exemptions to individual bills[19]. It is important to be aware that there are some slight differences in Council Tax implementation Council Tax between England, Wales and Scotland, due to the United Kingdom Government and the Devolved Administrations making their individual policy decisions in this area under prevailing devolution arrangements throughout the United Kingdom.

1.2.2. Reliefs and exemptions for Council Tax in Great Britain

1.2.1.1. England and Wales

Many Council Tax exemptions and reliefs are similar across England, Wales and Scotland. However, their application is different at both a national level and at a local council level, as highlighted in the following paragraphs.

England

There are a wide range of Council Tax reliefs and exemptions available in England[20], including those summarised below:

Reliefs:

- Low income households,
- Unoccupied dwellings; and
- Persons with disabilities.

Exemptions:

- Empty as liable person being in prison, detained, in hospital or has died
- Student Halls of Residence; and
- Properties undergoing major repair work.

In England, reliefs and exemptions are divided into 23 classes, as detailed in Appendix E of this Paper.

The legislation specifying Council Tax exemptions in England is primarily found in the Local Government Finance Act 1992. That Act provides the framework for Council Tax, including

[19] See footnote 15

[20] https://www.gov.wales/sites/default/files/publications/2022-03/council-tax-discount-reduction-leaflet.pdf

provisions for exemptions and reliefs. Specific classes of exempt dwellings are prescribed by the Council Tax (Exempt Dwellings) Order 1992. Amendments and updates to those regulations include the Council Tax (Discount Disregards and Exempt Dwellings) (Amendment) (England) Regulations 2022.

Wales

A number of Council Tax reliefs and exemptions are also available in Wales. These are broadly similar to those in England, and include the following[21]:

Reliefs:

- Low income households;
- Single person households; and
- Disabled or mentally impaired households.

Exemptions:

- Home of someone in prison;
- Home of someone who is in a care home or hospital; and
- Derelict properties.

Similar to England, the legislation specifying Council Tax exemptions in Wales is primarily found in the Local Government Finance Act 1992. Specific reliefs and exemptions are also detailed in the Council Tax (Exempt Dwellings) Order 1992 and the Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015.

1.2.3. Council Tax Scotland

Similar to England and Wales, councils in Scotland can offer exemptions to Council Tax, based on individual circumstances. Each person liable to pay Council Tax in Scotland are to contact the council in which the property is located, to determine the individual's eligibility for reliefs and or exemptions[22]. They include the following and further detail on both is set out in Appendix G:

Reliefs:

- Low income households,
- Those with disabilities; and

[21] Council Tax discounts and reduction | GOV.WALES

[22] https://www.glasgow.gov.uk/ctforms

- Empty homes (in some circumstances).

Exemptions:

- Houses undergoing major structural works,
- Some disabled person's households; and
- Young people leaving care.

The legal authority to provide reliefs and exemptions from Council Tax in Scotland derives from the Local Government Finance Act 1992[23], which subsequently was amended by the Council Tax (Exempt Dwellings) (Scotland) Order 1997[24] and the Council Tax (Exempt Dwellings) (Scotland) Amendment Order 2012[25].

Scotland's Council Tax reliefs and exemptions (as noted above) are specified under several pieces of legislation in various statutory instruments, such as:

- The Council Tax (Exempt Dwellings) (Scotland) Order 1997
- The Council Tax (Reductions for Disabilities) (Scotland) Regulations 1992; and,
- The Council Tax Reduction (Scotland) Regulations 2021.

1.3. Local Property Tax in the Republic of Ireland

The Local Property Tax (LPT) came into effect in the Republic of Ireland in July 2013. The LPT was the first recurring tax on all residential property since the Residential Property Tax (introduced in 1983) was abolished in 1997; although a transitionary Household Charge of €100 was in place in 2012 prior to the LPT's introduction[26].

LPT is based on[27]:

- The valuation band that applies to the property, as of 1 November 2021; and
- The Local Adjustment Factor.

These valuations are categorised into 19 bands, with a rate ranging from €90 to €2,721, up to a property value of €1.75 million (see detail at Appendix E of this Paper). Properties of a

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23 https://www.legislation.gov.uk/uksi/1992/1333/article/2/made

24 https://www.legislation.gov.uk/uksi/1997/728/article/2

25 https://www.legislation.gov.uk/ssi/2012/339/note/made

26 https://www.gov.ie/pdf/?file=https://assets.gov.ie/234102/eb2b4538-48af-4df4-a7be-ef0f8a7cfdfd.pdf#page=null

27 https://www.revenue.ie/en/property/local-property-tax/valuing-your-property/determining-lpt-charge.aspx

value of greater than €1.75 million are not calculated from a valuation band. Rather, they are based on the market value of the property. The LPT charge for such properties is calculated as the sum of[28]:

- 0.1029% of the first €1.05 million of declared market value of the property
- 0.25% of the portion of the declared market value between €1.05 million and €1.75 million; and
- 0.3% of the portion of the declared market value above €1.75 million.

The Local Adjustment Factor enables each local authority to increase or decrease the LPT by up to 15% from the basic rate each year[29].

1.3.1 Reliefs and exemptions

Similar to Northern Ireland and Great Britain some households can avail of exemptions or, reliefs to LPT, based on individual circumstances. They are summarised in the following paragraphs, however a more detailed breakdown of LPT exemptions and reliefs can be found in the Appendix I of this Paper, including a table breaking down each exemption and its related eligibility criteria for a ratepayer to qualify.

Reliefs:

- Reliefs are available to some houses that have been adapted to accommodate a person with a disability[30]. This is a reduction in the chargeable value of a property that has been adapted to accommodate a person with a disability and these works have increased the value of the property

Exemptions:

- Unoccupied properties due to illness
- Adapted properties for incapacitated persons
- Properties with significant pyrite damage; and,
- Properties owned by charities or public bodies.

[28] https://www.revenue.ie/en/property/local-property-tax/valuing-your-property/determining-lpt-charge.aspx

[29] See footnote 23 above.

[30] Guidelines On Local Property Tax Relief For Disabled/Incapacitated Individuals

Note there are no exemptions for low income households; although payment can be deferred for households experiencing financial hardship[31].

LPT exemptions are governed by several pieces of legislation. The primary legislation is the **Finance (Local Property Tax) Act 2012**, which outlines the framework for LPT. Moreover, specific exemptions and their eligibility criteria are detailed in various statutory instruments and guidelines, such as:

- The Local Property Tax (Amendment) Act 2013; and,
- The Local Property Tax (Exemptions) Regulations 2013.

2. Summary Comparative Table

Table 4 below summarises key provisions of the Domestic Rating System in Northern Ireland; and, its equivalent in England, Wales, Scotland and the Republic of Ireland.

[31] http://ci-prod-web-lb-910939973.eu-west-1.elb.amazonaws.com/en/money-and-tax/tax/housing-taxes-and-reliefs/local-property-tax-exemptions/

Table 4: Domestic Rating System or its equivalent across the United Kingdom and in the Republic of Ireland

Issue	Northern Ireland: Domestic Rates	England & Wales: Council Tax	Scotland: Council Tax	Republic of Ireland: Local Property Tax
Prevailing legislation	The Rates (Northern Ireland) Order 1977 The Rates (Regional Rates) Order (Northern Ireland) 2024 – sets the amount of rates for the year	Local Government Finance Act 1992	The Local Government Finance Act 1992 (Commencement No 2) Order 1992	Finance (Local Property Tax) (Amendment) Act 2021
Responsible organisation	Land and Property Service	Local Authorities	Local Authorities	Revenue Commissioners
Form of tax	Recurrent and unhypothecated	Recurrent and unhypothecated	Recurrent and unhypothecated	Recurrent and unhypothecated
Current rates and date struck	Calculated in two parts: - Capital value of property as of 01/01/2005: currently £20,000 -£400,000 - A multiplier / poundage	<u>England:</u> 8 bands of tax, based on estimated property value, as of 1991, from A (up to £40,000) to H (over £320,000) (See Appendix D of this Paper) <u>Wales:</u> 9 bands of tax, based on property value, as of 1991, from A (up to £44,000) to I (over £424,000)	8 bands of tax, based on property value, as of 2003, from A (up to £27,000) to H (over £212,000) (See Appendix F of this Paper)	The valuation band that applies to the property as at 1 November 2021 and a Local Adjustment Factor There are 19 valuation bands ranging from €0 - €200,00 to 1,662,501 – 1,750,000 (See Appendix H of this Paper)
Reliefs & exemptions	Reliefs available, include:	Reliefs and exemptions in	Reliefs available, include:	Exemptions and reliefs include:

	- Housing Benefit and Rate Relief for tenants and homeowners - Farmhouses - Houses lived in by clergy and religious ministers - Disabled Person's Allowance - Lone Pensioner allowance (Above detailed in Appendix C of this Paper)	England and Wales are broadly similar and include: Reliefs available include: - Those on low-incomes; - Single person discount - Disabled people - Severe mental impairment - Members of the armed forces Exemptions available include: - Properties undergoing major structural alteration/ repair Some empty properties (depending on circumstances) (Above detailed in Appendix E of this Paper)	- Low income households - Benefits recipients - A carer to help the occupier or someone living with them at home - Someone who lives in property is disabled and the property is adapted to meet their needs Exemptions available include: - Houses undergoing major structural works, - Some disable person's households; and Young people leaving care (Above detailed in Appendix G of this Paper)	Reliefs: - some properties that have been adapted to accommodate a person with a disability Exemptions: - Unoccupied because of illness or disability - Built or adapted property for someone who is permanently and totally incapacitated - Certified as having pyrite damage - Built using defective concrete - Owned by a charity or a public body and is used for certain purposes - Is a registered nursing home (Above detailed in Appendix I of this Paper)
Average collections £/€s	Total revenue raised from all District Rates in 2024 :	Total revenue raised from Council Tax 2024/25: <u>England</u>	Total revenue raised from Council Tax in 2022/23: £2,765M[36]	Total revenue raised in 2023/24: €463M[38] for 1,985,079 properties

[36] Scottish Local Government Finance Statistics 2022-23
[38] Property Tax Statistics - October 2024

	Around £815M[32] Average Domestic bill: £1,180[33]	Average band D = £2,171[34] Wales Average band D Wales = £2,024[35]	Average bill, 2024/25 = £1,310[37]	The median bill is €945
Vacant property taxes/ premiums	Unless exempt from Domestic Rates, properties with a capital value of £20,000 or more are liable to rates whether they are lived in or not[39]	Relief for empty properties is discretionary Billing authorities in England may charge an 'empty homes premium'; raising Council Tax to up to 200% of its standard rate, on properties that have been 'unoccupied and substantially unfurnished' for two years or more[40] The Housing (Wales) Act 2014 provides billing authorities with the discretionary power to increase the Council Tax payable on long-term empty dwellings in their areas	If a property has been empty for more than 12 months, councils have the option to double the rate of Council Tax Empty homes premium applies to houses that are substantially unfurnished This is to encourage owners to bring empty homes back into use[41] Since April 2024, councils also have the power to double the rate of Council Tax on second homes[42]	Vacant Homes Tax[43], which is seven times the basic LPT, self-assessed, and applicable to residential properties that are unoccupied for less than 30 days of a twelve-month period

32 District Council Rate Statistics
33 Department of Finance: Rates Bills
34 Council Tax levels set by local authorities in England 2024 to 2025 (revised) - GOV.UK
35 Council Tax levels: April 2024 to March 2025 | GOV.WALES
37 Council tax datasets - gov.scot
39 Rating of empty homes | nidirect
40 Guidance on the implementation of the council tax premiums on long-term empty homes and second homes - GOV.UK
41 Discounts, exemptions and reductions - mygov.scot
42 Discounts, exemptions and reductions - mygov.scot
43 gov.ie - Minister Chambers publishes Finance Bill 2024

3. Recent Reform-related Developments and Announcements

3.1 Northern Ireland

In Northern Ireland, for a number of years, a number of stakeholders and others have advocated for reform of the current Domestic Rating System. Recent relevant developments and announcements in this area[44] include the following:

1. **September 2023 -** The (then) Secretary of State directed to Permanent Secretaries of Northern Ireland Civil Service departments to launch consultations on measures to support budget sustainability by raising additional infrastructure. As a result, in November 2023 the Department of Finance (DoF) issued a consultation paper on proposed options to reform Domestic and Non-domestic Rates in Northern Ireland[45]. This consultation paper sets out four proposed changes to the Domestic Rating system: the removal of the capital value cap; the removal of exemptions for student halls of residence, the removal of landlord allowances and the removal of early payment discounts. See below at September 2024 for a summation of key points arising from consultee responses in relation to Domestic Rates.
2. **January 2024 -** The United Kingdom Government published a Command Paper (Safeguarding the Union), which set out the political agreement to restore the devolved Northern Ireland Assembly and Executive. The agreement comprises two main elements: changes to the Windsor Framework; and, measures relating to Northern Ireland's constitutional status. Amongst other things, the agreement was designed to: "Reassert and strengthen Northern Ireland's place in the United Kingdom and its internal market"; "Guarantee the smooth flow of Great Britain to Northern Ireland trade"; and, "Provide clear statutory protections that go further than ever before, to provide reassurance that there will be no diminution in Northern Ireland's place in the Union without consent".
3. **February 2024** – The United Kingdom Government announced a spending settlement for the restoration of the Northern Ireland Executive worth over £3.3 billion. Part of this settlement included a commitment to raise £113 million of "locally generated income", as well as other measures - such as: the establishment of a Public Service Transformation

[44] UK Government confirms £3.3 billion financial settlement for restored Northern Ireland Executive

[45] Revenue Raising Consultation Summary Report

Board; and, the implementation of a Budget Sustainability Plan to support long-term fiscal stability.

4. **May 2024** - The Northern Ireland Executive published an Interim Fiscal Framework[46], which sets out the agreement between the Executive and the United Kingdom Government, and its associated funding package. The Framework notes: the need to raise at £113 million additional revenue in 2025/26; and, the main source of revenue raising is Domestic and Non-Domestic Rates.
5. **September 2024** – The Department of Finance published its analysis of responses to the September 2023 public consultation[47]; summarising key themes arising from the 1,406 responses received. Respondents were broadly in favour of maintaining a **cap on the Maximum Capital Values** of properties; with respondents highlighting householders in more valuable properties do not gain access to more services and they may not necessarily have more disposable income. Respondents were also broadly in favour of maintaining the **Early Payment Discount**, which currently provides a 4% discount, if paid in full within a specified deadline. However, some respondents highlighted that it was only of benefit to rates payers with the most disposable income. Finally, there was a mixed response to the proposal to remove **Landlord Allowance**, with some respondents highlighting that it could increase rents in the Private Rented Sector and others noting a lack of parity between landlords and other homeowners.
6. **October 2024** - Northern Ireland Executive Budget Sustainability Plan[48] was published. The Plan notes that: Regional Rates are the Executive's "*primary lever for revenue generation";* and any increase in income through the Regional Rates would form an important component of sustainable funding of public services. However, the Plan also notes that any increase to Regional Rates requires a balanced approach of adjusting the headline rate, whilst also expanding the taxable base through development incentives and property regeneration, as well as implementing comprehensive economic policies to stimulate further tax base growth. The Plan acknowledges that a multifaceted strategy is therefore required, to ensure a sustainable and equitable increase in regional revenue. The Plan also highlights that any sharp rate increases could have a negative effect on the expansion of

[46] Northern Ireland Executive's Interim Fiscal Framework - 21 May 2024

[47] DoF Rates Consultation Response Analysis 2024

[48] Northern Ireland Executive, Budget Sustainability Plan. October 2024.

the taxable base and therefore could be detrimental to the overall objective of increasing the funding available to the Executive in a sustainable way to deliver on key public services.

7. **December 2024** – The then Minister of Finance made an Oral Statement to the Assembly on Rating Policy, including her Strategic Roadmap on Rating Policy[49]. That Roadmap, amongst other things, set out a number of proposals for the reform and refinement of domestic rating in Northern Ireland over the short and medium to long term, including:
   - Elevating the current level of the Maximum Capital Value on domestic properties from £400,000 to £485,000
   - Reducing the Early Payment Discount from 4% to 2%; and
   - Implementing a Strategic Review Cycle, including preparations for a future domestic revaluation in 2030 and moving towards more regular revaluations.

8. **December 2024** – The Department of Finance launched a public consultation on the Draft 2025 - 2026 Budget[50]. Amongst other things, the consultation documents highlight Regional Rates as the most significant source of revenue raising for Northern Ireland and that the draft Executive Budget is "predicated on a proposed uplift to the Regional Rate of 5% for domestic properties". And on that basis, the Executive anticipates raising £732.3 million in revenue, in 2025 – 2026, across both Domestic and Non-Domestic Rates. The consultation document also notes that the Department of Finance intends to continue with a "strategic rolling review of rating support in the 2025-26 year. That review process will then continue until every single support measure within the rating system is evaluated".

9. **January 2025** – The (then) Minister of Finance issued a further public consultation[51], to further consider amendments to Domestic Rates. The consultation document notes that it follows on from the 2023 rates consultation, and is focused on the following two proposals:
   - An increase in the Maximum Capital Value to £485,000, from £400,000, as opposed to a full removal of the MCV. This proposal – if adopted - would impact on around 8,000 properties, and see these properties' bills increase between £14.23 and £18.15 per week, depending on the council area in which they are located. It could generate around £4 million per annum for the Executive and local councils; and
   - A reduction in the Early Payment Discount to 2%, as opposed to a full removal of the EPD. In 2023/34, around 163,000 households availed of the Early Payment

[49] Minister of Finance Oral Statement Rating Policy. 9 December 2024.

[50] DoF Budget 2025-26

[51] Department of Finance, Supplementary Consultation on Domestic Rating Measures. 29 January 2025.

Discount, at a cost of £8 million to the Executive. The proposed change is therefore projected to raise around £4 million in revenue.

Within this consultation document, it is also noted that the Minister intends to commence the revaluation exercise of all domestic properties. It is anticipated that revised domestic capital values would come into operation in April 2030.

Potential Scrutiny Points:

1. Has the Department of Finance provided the Committee for Finance with the full details of any modelling – including underlying assumptions – that has been undertaken to project annual revenue that would be collected (at a regional and sub-regional level), if the proposed amendments were implemented?
2. Has the Department of Finance and or the Executive considered any other options to reform the Domestic Rating System in Northern Ireland?
3. Has the Department of Finance undertaken any preliminary scoping and or modelling to project annual rating revenue, which helped inform the specified terms of reference for any revaluation exercise, and ensure all relevant considerations in this area are duly reflected in the review's terms of reference?
4. Has the Department of Finance and/or the Executive specified any potential timescales for its "rolling review of rating support" and consequential consideration and any implementations of proposed amendments?

3.2 England

In England, the government has set limits on Council Tax increases for the 2025/26 period. Local authorities can raise core Council Tax by up to 3%, plus an additional 2% for local authorities with adult social care responsibilities, without requiring a local referendum[52]. This is part of a broader effort to manage local government funding and ensure adequate resources for essential services. Therefore, local authorities in England have some scope to increase Council Tax in their local area.

[52] Council tax: local referendums - House of Commons Library

However, there is a growing debate about the need to reform the Council Tax system in England. A number of studies have highlighted that the Council Tax system in England is out of date and regressive, and therefore needs reformed[53]. These studies have highlighted that Council Tax is based on values from 1991, necessitating revaluation, as well as increasing the number of property valuation bands. To date, there are no published plans to reform Council Tax in England.

3.3 Wales

The Welsh Government is planning comprehensive reforms to make the Council Tax system fairer and more up-to-date. Following a public consultation process in 2023, it has decided to implement structural reforms starting in 2028.

Moreover, the Welsh Senedd is currently considering the Local Government Finance (Wales) Bill (2024)[54], which if enacted as introduced, it would allow for regular revaluation cycles that would ensure that valuations are up-to-date and householders are paying the current amount of Council Tax. Whilst the Bill is progressing through the Senedd, the Welsh Government also consulted in 2024 on the reform of the current 53 categories of reliefs and exemptions, to ensure that they would contribute to a fair system[55].

3.4 Scotland

The Scottish Government is expected to announce a timeline for fundamental Council Tax reform in the near future, following its 2023 public consultation process[56]. That consultation set out proposals to increase the tax rate on higher value properties. A Joint Working Group (JWG) was established following the consultation, to "build consensus on the way forward for Council Tax" reform[57]. In 2025, the JWG will begin an engagement process, and is expected to publish the outcome of that process by the end of this Parliamentary term.

In addition to this fundamental review, the Scottish Government has made some amendments to the existing Council Tax; empowering councils to double the rates on empty

[53] For example see: Summary-Revaluation-and-reform-bringing-council-tax-in-England-into-the-21st-century.pdf

[54] Local Government Finance (Wales) Bill | GOV.WALES

[55] Council Tax reform | GOV.WALES

[56] Consultation on a Fairer Council Tax

[57] Scotland's Tax Strategy: Building on our Tax Principles

homes and second homes from April 2024. The aim was to help alleviate housing pressures in some areas and ensure local councils can "prioritise homes for living in"[58].

3.5 Republic of Ireland

In the Republic of Ireland, the Local Property Tax (LPT) was last reformed with the Finance Bill 2024. That Bill included a range of legislative measures impacting upon real estate, including an increase on the rate of the Vacant Homes Tax - from five times the basic LPT rate, to seven times that rate. The LPT rates have remained unchanged for some time, and continue to be based on the value of properties as of November 2021[59].

4. Key Takeaways

This Paper highlights key aspects of Domestic Rates in Northern Ireland, Council Tax in Great Britain and LPT in the Republic of Ireland. It also notes key developments relating to recent reform in this area in each jurisdiction. For ease of reference, the following paragraphs seek to highlight a number of key takeaways relating to Rates and Council Tax in the noted jurisdictions:

1. Each has different structures and processes in place for local tax collection. Rates are collected centrally by the Land and Property Service in Northern Ireland; and by the Revenue Commissioners in the Republic of Ireland. Local authorities in England, Scotland and Wales are responsible for collecting and managing Council Tax.

2. Northern Ireland is the only region within the United Kingdom that still applies a rating system in relation to both domestic and non-domestic properties. Council Tax in England, Wales and Scotland is an equivalent system to domestic rating, but it is not the same. In the Republic of Ireland, the LPT is applied to domestic properties. All but Northern Ireland have used a banding approach to property values and levy of rates/tax applied; whilst in Northern Ireland a discreet value is used.

3. There is significant variation in the base year used across each jurisdiction, with property values for Council Tax in England and Wales, based on 1991 valuations;

[58] Council tax on second homes - gov.scot

[59] Valuing your property

compared to 2003 in Scotland, 2005 in Northern Ireland and 2021 in the Republic of Ireland. Though it should be noted that in 2023 the Welsh Government has announced its plans to complete a revaluation exercise in 2028, and thereafter undertake with regular revaluations every five years[60]. Moreover, on 31 January 2025, the then Northern Ireland Finance Minister announced a supplementary consultation on proposed amendments to Domestic Rates in Northern Ireland.

4. Whilst there are a number of similarities between Domestic Rates in Northern Ireland and the rating systems in the other jurisdictions, there is a "*different approach to calculating the "average" household bills in NI compared to the rest of the UK means that **comparisons of published figures are not made on a like-for-like basis"**[61].* This means that a comparison of average bills would not be meaningful.

5. Each jurisdiction within the United Kingdom operates its own reliefs and exemptions policies in relation to Domestic Rates or Council Tax. While many of these are similar - such as reliefs for disabled people and for those who live alone and exemptions for some empty properties - each relief and exemption may be applied and implemented differently. Moreover, the Republic of Ireland also operates similar reliefs on domestic properties, and have specific reliefs in the case of properties that have had defective material used in their construction.

6. Both Wales and Scotland are in the process of implementing changes to Council Tax. Wales will conduct a revaluation exercise in 2028. And, the Scottish Government consulted on wide range of changes in 2023, including increasing tax rates on higher value properties[62] and empowering Councils to increase the Council Tax rate on empty homes from April 2024.

7. Regional Rates are the Northern Ireland Executive's primary source of revenue raising[63]. As with the other jurisdictions, rates are a key source of revenue for local

[60] Council Tax reform | GOV.WALES

[61] UU paper local government rates comparison

[62] Consultation on a Fairer Council Tax

[63] www.finance-ni.gov.uk Budget Sustainability Plan.pdf /

authorities and fund a variety of vital services, including waste management, building control, parks and leisure facilities[64].

8. Each Devolved Administration in the United Kingdom has been considering options for reforming Regional Rates and Council Tax. Recently, in Northern Ireland, the then Minister for Finance proposed a number of reforms to Regional Rates, including: an increase of the Maximum Capital Value; and, the removal of an Early Payment Discount. She also announced plans for a revaluation exercise. A public consultation exercise on the proposed changes is ongoing; launched at the end of January 2025[65]. Similarly, Wales announced plans for the reform of Council Tax, including: more regular revaluations; and, a review of the current 53 categories of exemptions and reliefs. Moreover, the Scottish Government is expected to announce plans for the reformation of its Council Tax in the near future[66].

64 Local taxation: council tax and business rates | Local Government Association

65 Minister of Finance Oral Statement Rating Policy

66 Fairer Council Tax: consultation analysis - gov.scot

Appendices

A: Extract from Britannica Money, entitled Taxation - Proportional, Progressive, Regressive

Proportional, progressive, and regressive taxes

Taxes can be distinguished by the effect they have on the distribution of income and wealth. A proportional tax is one that imposes the same relative burden on all taxpayers—i.e., where tax liability and income grow in equal proportion. A progressive tax is characterized by a more than proportional rise in the tax liability relative to the increase in income, and a regressive tax is characterized by a less than proportional rise in the relative burden. Thus, progressive taxes are seen as reducing inequalities in income distribution, whereas regressive taxes can have the effect of increasing these inequalities.

The taxes that are generally considered progressive include individual income taxes and estate taxes. Income taxes that are nominally progressive, however, may become less so in the upper-income categories—especially if a taxpayer is allowed to reduce his tax base by declaring deductions or by excluding certain income components from his taxable income. Proportional tax rates that are applied to lower-income categories will also be more progressive if personal exemptions are declared.

Income measured over the course of a given year does not necessarily provide the best measure of taxpaying ability. For example, transitory increases in income may be saved, and during temporary declines in income a taxpayer may choose to finance consumption by reducing savings. Thus, if taxation is compared with "permanent income," it will be less regressive (or more progressive) than if it is compared with annual income.

Sales taxes and excises (except those on luxuries) tend to be regressive, because the share of personal income consumed or spent on a specific good declines as the level of personal income rises. Poll taxes (also known as head taxes), levied as a fixed amount per capita, obviously are regressive.

It is difficult to classify corporate income taxes and taxes on business as progressive, regressive, or proportionate, because of uncertainty about the ability of businesses to shift their tax expenses (see below Shifting and incidence). This difficulty of determining who bears the tax burden depends crucially on whether a national or a subnational (that is, provincial or state) tax is being considered.

In considering the economic effects of taxation, it is important to distinguish between several concepts of tax rates. The statutory rates are those specified in the law; commonly these are marginal rates, but sometimes they are average rates. Marginal income tax rates indicate the fraction of incremental income that is taken by taxation when income rises by one dollar. Thus, if tax liability rises by 45 cents when income rises by one dollar, the marginal tax rate is 45 percent. Income tax statutes commonly contain graduated marginal rates—i.e., rates that rise as income rises. Careful analysis of marginal tax rates must consider provisions other than the formal statutory rate structure. If, for example, a particular tax credit (reduction in tax) falls by 20 cents for each one-dollar rise in income, the marginal rate is 20 percentage points higher than indicated by the statutory rates. Since marginal rates indicate how after-tax income changes in response to changes in before-tax income, they are the relevant ones for appraising incentive effects of taxation. It is even more difficult to know the marginal effective tax rate applied to income from business and capital, since it may depend on such considerations as the structure of depreciation allowances, the deductibility of interest, and the provisions for inflation adjustment. A basic economic theorem holds that the marginal effective tax rate in income from capital is zero under a consumption-based tax.

Average income tax rates indicate the fraction of total income that is paid in taxation. The pattern of average rates is the one that is relevant for appraising the distributional equity of taxation. Under a progressive income tax the average income tax rate rises with income. Average income tax rates commonly rise with income, both because personal allowances are provided for the taxpayer and dependents and because marginal tax rates are graduated; on the other hand, *preferential treatment of income received predominantly by high-income households may swamp these effects, producing regressivity, as indicated by average tax rates that fall as income rises.*

B: Northern Ireland Domestic Rate Poundages (2024/25)[67]

Council area	Non-domestic district rate (£)	Non-domestic regional rate (£)	Total Non-domestic rate poundage (£)	Domestic district rate (£)	Domestic regional rate (£)	Total domestic rate poundate (£)
Antrim & Newtownabbey	0.275128	0.2902	0.565328	0.004094	0.005042	0.009136
Ards and North Down	0.278467	0.2902	0.568667	0.004095	0.005042	0.009137
Armagh City, Banbridge & Craigavon	0.299353	0.2902	0.589553	0.005067	0.005042	0.010109
Belfast	0.309162	0.2902	0.599362	0.004056	0.005042	0.009098
Causeway Coast & Glens	0.295282	0.2902	0.585482	0.004762	0.005042	0.009804
Derry City & Strabane	0.377408	0.2902	0.667608	0.00607	0.005042	0.011112
Fermanagh & Omagh	0.2557	0.2902	0.5459	0.004223	0.005042	0.009265
Lisburn & Castlereagh	0.256984	0.2902	0.547184	0.003658	0.005042	0.0087
Mid & East Antrim	0.382215	0.2902	0.672415	0.005295	0.005042	0.010337
Mid Ulster	0.269452	0.2902	0.559652	0.003983	0.005042	0.009025
Newry, Mourne and Down	0.290334	0.2902	0.580534	0.004676	0.005042	0.009718

[67] Department of Finance Poundages 2024-25

C: Northern Ireland Domestic Rates Exemptions and Reliefs[68]

Housing Benefit (HB): HB provides assistance for both rent and rates. However, the rates element is gradually being replaced by the Rate Rebate Scheme for working age claimants, which came into operation in 2017. HB is currently administered by the Northern Ireland Housing Executive for both tenants and owner occupiers.

Rates Rebate Scheme: The introduction of Universal Credit (UC) in 2017 placed requirements on Devolved Administrations. For Northern Ireland, the Department of Finance was required to design, legislate and establish administrative arrangements for a new Rate Rebate Scheme for owner occupiers and tenants in Northern Ireland. The rules are:

- The claimant must be liable for rates in a property occupied as the home.
- The claimant must be entitled to UC.
- The claimant must NOT be entitled to HB for the relevant property. Compare income to an income threshold (UC maximum amount).
- UC award (excluding certain adjustments – for example, sanctions) is taken into account as income.
- Earnings disregard is half of UC work allowance figure.
- 15% taper applied to excess income (using UC data with Rate Rebate adjustments).
- Reviewed annually except where changes to the amount of rates payable occur or UC ceases.

The Scheme is administered by LPS, and the support sits outside the social security system.

Low Incomes Rates Relief (LIRR): LIRR was introduced in April 2007 in Northern Ireland. It is intended to provide targeted assistance to those low-income households who were just beyond the thresholds for the HB Scheme or who were in receipt of partial HB. It is additional to, and separate from, the HB system. The LIRR Scheme can provide help to those who are: pensioners and have savings of less than £50,000; and, those under pension age who have savings of less than £16,000. Some increased help is also available for carers; as provided through the existing Rate Relief Scheme, with a 20% uplift in the carer premium. This ensures that more households qualify for help with their rates and increases the amount of support provided to those currently in receipt of the

[68] A Guide To Rates

carer premium. LIRR is incompatible with UC and will be phased out alongside HB as claimants are migrated to UC, but it will continue for the foreseeable future for pensioners. The scheme is administered by Northern Ireland Housing Executive for both owner-occupier households and for the rented sector, including Housing Associations.

Disabled Person's Allowance (DPA): The DPA is a non-means tested relief, which is intended to assist those who due to a permanent disability either have had the property adapted internally or have had additional qualifying facilities added to suit the disabled person's needs, and where modification could increase the CV of the property. An application is made to LPS, and the ratepayer is required to show that they, or someone else in the household, is a person with a disability and that the property has been suitably adapted with additional qualifying features or special facilities that meet the needs of that person.

Lone Pensioner Allowance (LPA): Ratepayers aged 70 or over, whether tenants or homeowners who live alone, may be entitled to **20% relief** on their rates. The allowance is not means-tested. Whilst the primary condition to receive this relief is that the ratepayer lives alone, they may also be eligible for LPA if they:

- Live with a carer who is not their spouse or partner.
- Provide care for someone who lives with them who is not their spouse or partner.
- Live with anyone who is under the age of 18.
- Live with someone who has a severe mental impairment including their spouse or partner.

The Scheme is application based and is administered by LPS for owner occupiers and by the NIHE for all tenants.

Farmhouse Allowance: Properties which fall under the definition of a "farmhouse" – as specified under the Rates (Northern Ireland) Order 1977 - are treated differently from normal houses. That legislative provision enshrines a long-standing policy of awarding a **20% allowance i.e. relief,** in recognition of the fact that farmers have to live on the land that they farm. This is an application-based relief. To qualify, the ratepayer must be engaged in farming as their primary occupation; and can include retired farmers.

Clergyman's Residence Exemption: The Rates (Northern Ireland) Order 1977 allows for a 50% exemption on the CV of houses owned by religious bodies, if the applicant holds a full-time office of a religious denomination, resides in the house, and performs the duties of the office from the house. This exemption is also an application-based relief.

Landlord's Allowance: The CV of a property determines both mandatory landlord and voluntary landlord liability. Where there is mandatory liability for the landlord to pay the rates on a domestic property, the landlord can receive a 10% allowance on the total amount due, if the bill is paid in full by the date stipulated on the annual rate bill of the relevant financial year (usually 30 September). The owner's personal residential address and any holiday homes or second homes the person may own cannot be included. In 2008, a Maximum CV cap was set at £400,000, which means any house in Northern Ireland with an assessed CV of £400,000 or over will only pay rates based on a £400,000. Maximum value Landlords who opt for voluntary liability to pay rates on domestic properties also may qualify for a 10% allowance, regardless of the CV, if they enter into a voluntary agreement with LPS to pay the rates. The property must be occupied as a rental property at the time of application and the allowance can continue to be awarded should the property become unoccupied. Such agreements are provided at the discretion of the Department of Finance (DoF). Once an agreement is entered into, it applies to the end of the rating year, and will continue to apply in subsequent rating years until terminated. The termination of the voluntary agreement requires at least six months advance notification, and can only expire at the end of a rating year. The owner's personal residential address and any holiday homes the person may own cannot be included.

D: Council Tax Bands in England, Wales and Scotland

Council Tax bands in England (based on 1 April 1991 property values)[69]

Band	Value at 1 April 1991
A	up to £40,000
B	£40,001 to £52,000
C	£52,001 to £68,000
D	£68,001 to £88,000
E	£88,001 to £120,000
F	£120,001 to £160,000
G	£160,001 to £320,000
H	more than £320,000

Council Tax bands in Wales (based on 1 April 2003 property values)[70]

Band	Value at 1 April 2003
A	up to £44,000
B	£44,001 to £65,000
C	£65,001 to £91,000
D	£91,001 to £123,000
E	£123,001 to £162,000
F	£162,001 to £223,000
G	£223,001 to £324,000
H	£324,001 to £424,000
I	more than £424,000

[69] How domestic properties are assessed for Council Tax bands - GOV.UK

[70] How domestic properties are assessed for Council Tax bands - GOV.UK

E: Council Tax Exemptions & Reliefs: England and Wales[71]

Class	Exemption Detail
Class A	An uninhabitable property requiring or undergoing major repairs or structural alterations (unavailable from 1 April 2013 in England, but still apply in Wales)
Class B	Unoccupied property owned by a registered charity
Class C	Empty for up to six months (unavailable from 1 April 2013 in England, but still apply in Wales)
Class D	Empty as liable person being in prison or detained in hospital
Class E	Empty property previously occupied by a person now residing in a care home, hospital or hostel.
Class F	The Council Tax payer has died
Class G	Occupation prohibited by law
Class H	Held for Minister of religion
Class I	Person living elsewhere to receive personal care
Class J	Person living elsewhere to provide personal care
Class K	Left empty by a student
Class L	Mortgagee in possession
Class M	Students' halls of residence
Class N	Occupied only by students or students and their non-British spouses, civil partners or dependants
Class O	United Kingdom armed forces accommodation
Class P	Visiting forces accommodation
Class Q	Liable person is a trustee in bankruptcy
Class R	Unoccupied caravan pitch or boat mooring
Class S	Occupied by under eighteen-year olds only
Class T	Unoccupied annexe
Class U	Occupied by severely mentally impaired persons only
Class V	Property which is the main residence of a person with diplomatic privilege or immunity
Class W	Annexe occupied by dependant relative

[71] https://researchbriefings.files.parliament.uk/documents/SN06583/SN06583.pdf

Council Tax Reliefs, England[72]

A full Council Tax bill is based on at least 2 adults living in a home. Spouses and partners who live together are jointly responsible for paying the bill.

Who is not counted ('disregarded')

Some people are not counted ('disregarded') when working out how many people live in a property. This means you might be able to apply for a discount on your Council Tax bill if you get one. You're disregarded if you're:

- under 18 years old
- on certain apprentice schemes
- 18 or 19 years old and in full-time education
- a full-time student at college or university
- under 25 years old and get funding from the Education and Skills Funding Agency
- a student nurse
- a foreign language assistant registered with the British Council
- severely mentally impaired
- a live-in carer for someone who is not your partner, spouse, or child under 18
- a diplomat.

Apply for a discount or exemption:

You need to apply for a Council Tax discount or an exemption, even if you're disregarded.

You'll get 50% off your bill if everyone living in your household is disregarded.

You'll get 25% off your bill if you pay Council Tax and either:

- you live on your own
- everyone else in your home is disregarded

Contact your local council if you're unsure about whether you can get a discount or who's responsible for paying.

People on apprentice schemes

[72] Print How Council Tax works: Working out your Council Tax - GOV.UK

To show that you do not qualify as an adult for Council Tax, you'll need a declaration from your employer stating that:

- you will not be paid more than £195 a week
- the training leads to a qualification accredited by a body recognised by the Office of Qualifications and Examinations Regulation (Ofqual) or the Scottish Vocational Education Council (SVEC)

Discounts for full-time students

Households where everyone's a full-time student do not have to pay Council Tax. If you do get a bill, you can apply for an exemption.

To count as a full-time student, your course must:

- last at least 1 year
- involve at least 21 hours study per week

If you study for a qualification up to A level and you're under 20, your course must:

- last at least 3 months
- involve at least 12 hours study per week

You'll get a Council Tax bill if there's someone in your household who's not a full-time student, but your household might still qualify for a discount.

Discounts for disabled people

You might be able to apply for a Council Tax discount or exemption if you or someone you live with is disabled.

Disabled Band Reduction Scheme

You may be eligible for the scheme if you live in a larger property than you would need if you or another occupant were not disabled.

If you qualify, your bill will be reduced to the next lowest Council Tax band. For example, if your property is in Band D, you'll pay the Band C rate. If your home is already in the lowest band (Band A), you'll get a 17% discount on your Council Tax bill instead.

You'll have to show that you have either:

- an extra bathroom, kitchen or other room that you need for the disabled person

- extra space inside the property for using a wheelchair

The property must be the main home of at least 1 disabled person. This can be an adult or a child - it does not have to be the person responsible for paying the Council Tax.

Discounts for severely mentally impaired people

You might be able to apply for a discount on your Council Tax bill if you or someone you live with is severely mentally impaired.

You'll need to:

- get a certificate to say you're severely mentally impaired from a medical professional, such as your GP
- prove your eligibility for certain benefits - check with your local council

If you qualify as severely mentally impaired

You'll get a 100% discount if you qualify as severely mentally impaired and one of the following applies:

- you live on your own
- any other adults in your household either qualify as severely mentally impaired or are full-time students

There'll be a 50% discount on the council tax bill if everyone else in your household is 'disregarded'.

If you live with someone who is severely mentally impaired

You'll get a 25% discount if you live with someone who qualifies as severely mentally impaired and either:

- there are no other adults in your household
- everyone else in your home is disregarded.

Second homes and empty properties

Second homes

You'll usually have to pay Council Tax on another property you own or rent, such as a holiday home. These properties are furnished and do not have anyone living in them as their main home. They are also known as 'second homes'.

Your council can decide to give you a discount - it's up to them how much you get. Contact your council to ask about a discount.

From 1 April 2025, you can be charged up to 2 times your normal Council Tax. Your council will decide whether the property is a 'second home' and whether to charge this additional tax.

The rules are different in Scotland.

Empty properties

You'll usually have to pay Council Tax on an empty home, but your council can decide to give you a discount - the amount is up to them. Contact your council to ask about a discount.

If your home has been empty for at least 1 year

You can be charged additional Council Tax (a 'premium') if your home has been empty for at least 1 year.

How much you pay will depend on how long the property has been empty. You can be charged up to 4 times your normal Council Tax bill if your home has been empty for at least 10 years.

You will not have to pay the empty home premium if either:

- the empty property is an annex
- you're in the armed forces and you have to move into armed forces accommodation as part of your work.

When you do not pay Council Tax

If you're selling a property on behalf of an owner who's died, you do not need to pay Council Tax until after you get probate as long as the property remains empty. After probate is granted, you may be able to get a Council Tax exemption for another 6 months if the property is both:

- unoccupied
- still owned and in the name of the person who died

Some homes do not get a Council Tax bill for as long as they stay empty. They include homes:

- of someone in prison (except for not paying a fine or Council Tax)
- of someone who's moved into a care home or hospital
- that have been repossessed
- that cannot be lived in by law, for example if they're derelict
- that are empty because they've been compulsory purchased and will be demolished.

You may get a discount if your home is undergoing major repair work or structural changes, for example your walls are being rebuilt.

F: Council Tax bands in Scotland (based on 1 April 1991 property values)[73]

Band	Range of Property Values
A	Up to £27,000
B	Over £27,000 and up to £35,000
C	Over £35,000 and up to £45,000
D	Over £45000 and up to £58,000
E	Over £58,000 and up to £80,000
F	Over £80,000 and up to £106,000
G	Over £106,000 and up to £212,000
H	Over £212,000

[73] Council Tax Bands – Scottish Assessors

G: Council Tax Exemptions and Reliefs – Scotland[74]

Exemption / Relief	Detail
Single Person Discount	The resident is: • over the age of 18; and, • property's sole occupier.
Major Repair or Structural Alteration Exemption	An exemption from paying Council Tax, where the property is undergoing or has undergone (since the last occupation day) either: • Major repair work to render it habitable; or, • Structural alteration.
Student Exemption or Discount	A student discount or exemption is where we will reduce some or all of the Council Tax bill for the property because some or all of the occupants are full-time students. For the purposes of Council Tax, a full-time student is: • Someone undertaking a specified **full-time** course at a college or university in the UK or an EU state for 21 hours or more per week for at least 24 weeks; or, • Someone under 20 in non-advanced education undertaking a course or courses lasting at least 12 hours or more a week for at least 3 months.
Unoccupied and Unfurnished Properties Exemption	An exemption from paying Council Tax, where a new or existing property is: • Unoccupied and unfurnished; and, • Where less than six months have elapsed since the end of the last period of three months or more, throughout which it was continually occupied.
Unoccupied Properties	Properties which have no permanent residents are classed as unoccupied properties and the amount of Council Tax charged may vary dependant on the circumstances of the property and the length of time which they have been empty. From 1st April 2018, the amount of Council Tax charged for properties classed as being Long Term Empty. Council Tax exemption may be still due if your property is both unoccupied and unfurnished or vacant due to certain circumstances. The

[74] Discounts, exemptions and reductions - mygov.scot

	current charges for unoccupied properties which are not exempt are shown below. • Empty properties vacant for 12 months or less -10% Discount • Long Term empty properties vacant for 12 - 24 months and being marketed for sale or rent. - 10% Discount • Long Term empty properties vacant between 12 - 24 months but **not** being marketed for sale or rent - Additional 100% Council Tax premium added • Long Term empty properties vacant for more than 24 months - Additional 100% Council Tax premium added • Job-Related Second Homes - 50% Discount
Disabled Person's Reduction	A reduction in Council Tax where the property is the sole or main residence of someone who is a substantially and permanently disabled adult or child. The property must have extra facilities, or space, which are essential or of major importance to the disabled person's well-being by the nature and extent of their disability. If your property is larger because of the needs of a disabled person, the discount allows your Council Tax bill to be reduced to take account of those needs.
Severely Mentally Impaired Exemption or Discount	An exemption or discount on your Council Tax bill: If every adult in the house is severely mentally impaired, an exemption can apply. If all but one adult in the house are severely mentally impaired, a 25% discount can apply. Severely mentally impaired is defined by UK legislation as someone who has "a severe impairment of intelligence and social functioning (however caused) which appears to be permanent". This can include people who are severely mentally impaired as a result of: • Degenerative brain disorder (e.g. Alzheimer's disease); • A stroke; • Other forms of dementia; • Learning disability; or, • Severe or chronic mental illness.
All Occupiers Under 18 Exemption	An exemption from paying Council Tax, where the property is the sole or main residence of one or more persons under the age of 18 years.
Occupation prohibited by law exemption	An exemption from paying Council Tax, where occupation of a property is legally prohibited. This may be because a property has been sealed off due to ongoing actions e.g. a police crime

	scene, or because occupation of a property would breach a law e.g. a dangerous building. Properties may also be unoccupied due to a compulsory purchase being carried out.
Estate of Deceased Person Exemption	An exemption from paying Council Tax where the property is unoccupied because the person responsible for paying Council Tax is deceased. This exemption works differently depending on whether a Grant of Confirmation has been made. A Grant of Confirmation is a legal document from a court giving the executor(s) authority to uplift any money or other property belonging to a deceased person from the holder (such as a bank), and to administer and distribute it according to law. An application for confirmation is lodged with the sheriff court.
Long Term Hospitalisation Exemption or Discount	An exemption or discount in Council Tax where occupier(s) of a property will be or have been staying in a hospital, care home, hostel or nursing home for some considerable time. • If every adult in the house is hospitalised an exemption can apply. • If all but one adult in the house are hospitalised a 25% discount can apply.
People Who Provide Care or Are Cared For Exemption	An exemption from paying Council Tax where a property which when last occupied was occupied by either: • A person who now provides personal care to someone while staying in their home; or, • A person who now receives personal care in another home. For the purposes of this exemption, 'care' means caring for someone who has one or more of the following conditions: • Old age; • Disablement; • Illness; • Past or present alcohol dependence; • Past or present drug dependence; or, • Past or present mental disorder.
Property Previously Occupied by Students Exemption	An exemption from paying Council Tax for up to a period for four months of unoccupied properties, where the property was formerly occupied by at least one full-time student. When last occupied, the property must have been the sole or main residence of a person who is a student. For the purposed of Council Tax, a student is: • Someone who studies at a college or university in the UK or other EU state for 21 hours or more per week for at least 24 weeks; or,

	• Someone under 20 who studies at a UK college or university for 12 hours or more a week for at least three months.
Resident Carer Discount	A discount in Council Tax can apply where a person provides care or support to a person who is resident in the same property. The person being cared for must: • Require care for at least 35 hours a week; • Be in receipt of certain disablement related state benefits (listed on the application); and, • Not be the carer's spouse/partner or a child under 18.
Young People Leaving Care	An exemption or discount from Council Tax can apply where a young person is no longer under Local Authority care. The person must: • Have been looked after by a Local Authority on or after their 16th Birthday; • Be under 26; and, • No longer be looked after by a Local Authority.
Persons from Ukraine Exemption	An exemption or discount from Council Tax may apply where persons from Ukraine resident in a property. From 1 April 2023, exemption or discount can be given where a person from Ukraine is resident in a property under the Homes for Ukraine Sponsorship Scheme.
Apprenticeship Discount	A discount from Council Tax can apply where an apprentice is resident in a property. A Council Tax discount of 25% may be due where an apprentice lives with one other adult or a 50% discount may be due where an apprentice lives on their own. The apprentice must be: • In employment for the purpose of learning trade, business, profession, office employment or vocation; • Undertaking a programme of training leading to a recognised qualification; and, • Earning no more than £256 per week gross.
Persons resident under a resettlement scheme	From 1 April 2023, an exemption or discount from Council Tax may apply where persons are resident in Scotland under a resettlement scheme. The schemes are: • The Afghan Citizens Resettlement Scheme; • The Afghan Relocations and Assistance Policy; • The Community Sponsorship Scheme; • The UK Resettlement Scheme; • The Vulnerable Children's Resettlement Scheme; or, • The Vulnerable Persons Resettlement Scheme.

	In order to qualify for this exemption, you must be resident in Glasgow in a property which has been provided to you without payment in return.
Others	• A person who is detained in prison; • A person aged 18 years and over for whom another person is entitled to receive child benefit; • A person under the age of 20 who leaves school/college after the 1st May and becomes a full-time student before 31st October of the same year; • A member of a religious community; • A person or a dependant of that person who is a member of a headquarters or other organisation; • A Youth Training Trainee; • Occupation is prohibited by law; • Last occupied by a charitable body; • Held by, or on behalf of, a religious body for occupation by a minister of religion as a residence to perform the duties of that office; • Subject to repossession by a Bank, Building Society, etc; • Where Council Tax liability is due by a Permanent Trustee, appointed in terms of the Bankruptcy (Scotland) Act 1985; • A trial flat held by a Registered Housing Association for occupation by disabled persons, or persons of pensionable age; • Forms part of, or is included with, another house (being the sole or main residence of the same person), which is difficult to let separately from that other house; • Owned by Communities Scotland, a local authority or a registered social landlord and is to be demolished; • A hall of residence, owned & managed by a charity or an educational institution, who retain the right to nominate who the majority of the occupiers are; • Council Tax liability is due by a member of a visiting force, or a dependant of such a person, within the meaning of the Visiting Forces Act 1952; • Owned by the Secretary of State for Defence and used for armed forces accommodation; or, • Situated on land used for agricultural or pastoral purposes only.

H. Republic of Ireland LPT Valuation Bands [75]

Valuation band	Valuation band €	LPT Charge basic rate €
1	0 – 200,000	90
2	200,001 – 262,500	225
3	262,501 – 350,000	315
4	350,001 – 437,500	405
5	437,501 – 525,000	495
6	525,001 – 612,500	585
7	612,501 – 700,000	675
8	700,001 – 787,500	765
9	787,501 – 875,000	855
10	875,001 – 962,500	945
11	962,501 – 1,050,000	1,035
12	1,050,001 – 1,137,500	1,189
13	1,137,501 – 1,225,000	1,408
14	1,225,001 – 1,312,500	1,627
15	1,312,501 – 1,400,000	1,846
16	1,400,001 – 1,487,500	2,064
17	1,487,501 – 1,575,000	2,283
18	1,575,001 – 1,662,500	2,502
19	1,662,501 – 1,750,000	2,721

Properties worth more than €1.75 million:

Properties worth more than €1.75 million are assessed on the actual value of the property rather than from a valuation band. The LPT charge for these properties is **the total of**:

- 0.1029% of the first €1.05 million of market value of the property
- 0.25% of the portion between €1.05 million and €1.75 million; and
- 0.3% of the portion above €1.75 million.

[75] How your LPT charge is determined

I. LPT Exemptions Republic of Ireland

Exemption	Detail
Properties unoccupied for an extended period due to illness of the owner[76]	Properties unoccupied for an extended period due to illness of the owner may be exempt from LPT. To qualify for an exemption one of the following conditions needs to be met: • not lived in a sole, or main, residence for 12 months or more, or; • been unable to live in a sole, or main, residence for less than 12 months, and are unlikely to return to the property. If there is more than one owner of the property, all liable persons are required to meet the conditions. If a liable person occupies the property in absence of the ratepayer, this exemption does not apply. The exemption is available where the property is vacant or is occupied by a person who is not a liable person
Properties purchased, adapted or built for use by incapacitated persons[77]	Properties purchased, adapted or built for use by incapacitated person may be exempt from LPT. To qualify for an exemption one of the following conditions needs to be met: • is permanently and totally incapacitated to the extent that they are unable to maintain themselves by earning an income from working, or; • has received an award from a court or the Personal Injuries Assessment Board, or benefitted from a public trust fund. If neither of these apply, the property owner should apply to Revenue directly with the details of their case, or; • has a condition so severe that it dictates the type of property that they can live in; and • should occupy the property as their sole, or main, residence on the liability date of 1 November each year. The exemption applies to adapted properties if the cost of the adaptation exceeded 25% of the market value of the property (before it was adapted)
Properties certified as having pyritic damage[78]	Properties certified as damaged by pyrite may be exempt from LPT. To qualify for an exemption one of the following conditions needs to be met: • a 'Certificate of Damage' has been completed by a professional person such as an engineer; • property is accepted into the Pyrite Remediation Scheme administered by the Pyrite Resolution Board; or,

[76] https://www.revenue.ie/en/property/local-property-tax/lpt-exemptions/owner-illness.aspx

[77] https://www.revenue.ie/en/property/local-property-tax/lpt-exemptions/incapacitated-persons.aspx

[78] https://www.revenue.ie/en/property/local-property-tax/lpt-exemptions/pyritic-damage.aspx

	• an insurance company.
Properties constructed using defective concrete blocks[79]	Properties constructed using defective concrete blocks may be exempt from LPT. This exemption will apply if one of the following conditions is met: • the property is eligible for the Defective Concrete Blocks Grant Scheme (as administered by County Councils); • an insurance company, or the builder who built the property, has: carried out the necessary remediation work; or • has provided sufficient funds to carry out this work to the required standard.
Properties fully subject to commercial rates[80]	Properties fully subject to commercial rates may be exempt from LPT. This exemption does not apply if the property is exempt from the payment of commercial rates to a local authority.
Properties owned by a charity or public body[81]	Certain properties owned by a charity or public body may be exempt from Local Property Tax (LPT). There are two exemptions available for properties owned by a charity or public body. The exemption that may apply depends on the use of the property. These can be: • Properties used by a charity or public body providing special needs accommodation; or, • Properties owned by charities for recreational services.
Registered nursing homes[82]	Nursing homes that are registered under Section 49 of the Health Act 2007[83] are exempt from LPT. A nursing home should be used exclusively for the care of individuals who have been medically certified as suffering from a long-term mental or physical infirmity.

[79] https://www.revenue.ie/en/property/local-property-tax/lpt-exemptions/defective-concrete-blocks.aspx

[80] https://www.revenue.ie/en/property/local-property-tax/lpt-exemptions/commercial-rates.aspx

[81] https://www.revenue.ie/en/property/local-property-tax/lpt-exemptions/charity-public-body.aspx

[82] https://www.revenue.ie/en/property/local-property-tax/lpt-exemptions/registered-nursing-homes.aspx

[83] https://www.irishstatutebook.ie/eli/2007/act/23/enacted/en/html