High Value Council Tax Surcharge

Question 1: Do you agree the legal owner should generally be liable for HVCTS?

No, from an administration and collection perspective, if the intention is to use existing council tax systems for the administration of HVCTS.

Making the legal owner liable would create significant practical challenges. Current council tax systems are designed around the occupier rather than the owner. As a result, existing systems are not configured to identify, maintain, and bill owners as the liable party in all cases. This would likely require substantial system changes or the development of new functionality, resulting in additional administrative burden and cost.

From a purely operational perspective, it would be simpler and more efficient to hold the existing council tax liable party responsible for any new High Value Council Tax Surcharge, as their details are already held and maintained within local authority systems.

However, it is recognised that HVCTS would be a separate property tax rather than an extension of council tax, and that the policy intention may be for liability to rest with the property owner. If that is the case, consideration should be given to whether council tax systems are the most appropriate mechanism for administering and collecting the charge.

If local authorities are expected to identify ownership and bill owners directly, they would require free access to Land Registry data, together with appropriate system functionality to support the administration and collection of the surcharge.

Question 2: Do you agree that liability should sit with the leaseholder where the lease has been granted for more than 21 years, or where the law treats a lease as having been granted as such?

Yes.

Question 3: Are there forms of leases, within or outside of the categories mentioned above, where different treatment should be considered?

No Response.

Question 4: Do you agree that in trust arrangements trustees should be liable for HVCTS?

Yes, although as there are so many types of Trust all these would need to be defined further.

Question 5: Do you agree with the proposed income (£35,000) and capital (£16,000) thresholds for deferral?

No. The proposed income threshold of £35,000 and capital threshold of £16,000 appear too low. Higher thresholds would be more realistic.

It is also unlikely that a High Value Council Tax Surcharge would significantly affect households in receipt of means tested benefits, given the high property values involved. As a result, the proposed thresholds may not adequately address the circumstances of those most likely to be impacted by the surcharge.

From an administrative perspective, any deferral scheme based on income and capital would require local authorities to verify and periodically review financial circumstances. This could create a significant administrative burden unless robust data sharing arrangements are established. Access to relevant HMRC data, and potentially other government held information, would therefore be essential to support efficient administration and reduce the reliance on customer supplied evidence.

There is also a risk that income and capital based deferral arrangements could be open to manipulation or avoidance if verification processes are not sufficiently robust. Particular consideration should be given to how income and capital will be assessed and verified for individuals who own property in the UK but are resident overseas. Obtaining reliable financial information for non-UK owners may prove challenging and could create consistency, compliance, and enforcement issues for billing authorities.

Question 6: Do you agree that deferral should be available to homeowners who meet the income or savings thresholds?

No. The use of the word “or” is a concern. Deferral should only be available where a homeowner meets both the income and capital thresholds, rather than either test in isolation.

A low-income assessment alone may not provide an accurate picture of an individual’s ability to pay. For example, a homeowner may have a relatively low annual income but hold substantial capital, investments, or other assets worth several million pounds. In such circumstances, it would not be appropriate for deferral to be granted simply because the income threshold is met.

The purpose of a deferral scheme should be to support those who are genuinely unable to meet the charge despite owning a high-value property, rather than those who have significant financial resources available but choose not to utilise them. Requiring applicants to satisfy both income and capital tests would provide a fairer and more robust assessment of financial need.

The legislation and any supporting guidance would need to be very clear on how income and capital are defined, assessed, and evidenced. Clear rules will be essential to ensure consistency across local authorities and to minimise the potential for avoidance, manipulation, or disputes over eligibility.

Question 7: Do you agree with the proposed disability-based criteria, aligned with existing Council Tax criteria?

Yes. Although, we would not want this to be confused with normal council tax - it is separate.

Question 8: Can you foresee any circumstances where the proposed deferral scheme is not sufficient? Please provide evidence to support your views.

No.

Question 9: Do you agree that change of ownership should be the default end point for deferral?

Yes, although change of ownership should not be the only trigger for ending a deferral.

While a change of ownership is an appropriate default end point, there should also be provisions for deferrals to be reviewed and, where appropriate, ended before a property is sold or transferred.

If deferrals remain in place solely until a change of ownership occurs, some cases could continue for decades. During that period, a homeowner's financial circumstances may change significantly, particularly in relation to income, savings, investments, or other assets. A person who qualified for deferral initially may no longer meet the eligibility criteria many years later. For this reason, regular reviews should be built into the scheme, perhaps on an annual basis, to ensure that eligibility continues throughout the deferral period. This would help maintain fairness and ensure that deferrals are only available to those who genuinely require them.

Consideration should also be given to the recovery of deferred charges following the death of a property owner. In many cases, local authorities may need to recover outstanding amounts from the deceased person's estate. Clear legislative provisions and recovery processes would therefore be required to support councils in administering and enforcing the scheme effectively.

Question 10: For deferred payments, what level should the interest rate be set at?

Bank of England Base Rate - set at a certain date & run with that each year. Alternatively, the government could apply the rate used in DPAs for Adult Social Care, which is 4.75 per cent currently.

Question 11: What additional resources do you anticipate local authorities may need access to in order to deliver the proposed scheme?

Local authorities will require significant additional resources to deliver the proposed scheme effectively.

The most substantial requirement will be IT system development. Existing council tax systems are not designed to administer a separate property tax based on ownership or deferred liabilities. Significant system enhancements, or potentially entirely new functionality, are likely to be required. These costs will be incurred regardless of whether an authority has 10 liable properties or 1,000, as the core infrastructure changes will be necessary in all cases.

Local authorities will also require funding for staff training and additional staffing resources to manage increased workloads. The scheme is likely to generate significant customer contact, including enquiries, applications for deferral, requests for review, complaints, appeals, and recovery activity. Adequate resourcing will be essential to ensure the scheme can be administered effectively and consistently.

Access to reliable data will also be critical. If liability is based on ownership rather than occupation, local authorities must have full and free access to HM Land Registry data to enable the identification of owners, the maintenance of accurate records, and the correct billing of liable parties. Consideration should also be given to enhanced data-sharing arrangements with other government bodies, such as HMRC, where income or capital assessments form part of the scheme.

Finally, local authorities should be fully compensated for both the implementation and ongoing administration costs of the scheme. Without adequate funding, there is a risk that the additional burden placed on billing authorities will adversely affect the delivery of existing council tax and business rates services.

Question 12: Do you agree with the proposed property types to be exempted from or discounted under HVCTS?

Yes. The proposed exemptions and discounts appear reasonable and broadly reflect circumstances where it would be inappropriate or inequitable to apply the High Value Council Tax Surcharge.

However, there is a concern regarding the proposal that discounts of up to 100% may apply. Any exemptions and discounts should be tightly defined in legislation and administered consistently across England. A nationally prescribed framework would provide clarity for taxpayers and billing authorities, reduce the risk of disputes and ensure that similar cases are treated consistently regardless of location.

Local discretion should be kept to a minimum. Introducing discretionary relief schemes would add significant complexity to administration, increase the potential for inconsistent decision making between authorities and create confusion for taxpayers. Such an approach would also be likely to generate additional enquiries, challenges, complaints, and appeals, with local authorities bearing the burden of explaining and defending decisions that are ultimately driven by policy rather than administration.

While HVCTS is proposed as a separate property tax rather than an extension of council tax, several of the proposed exemptions and discounts appear to rely on information already held within council tax systems. It will therefore be important that any qualifying criteria are clearly defined and capable of being verified through reliable data sources. Where additional information is required, local authorities must have access to the necessary data and supporting systems to administer the scheme efficiently and consistently.

Overall, a simple, nationally prescribed approach to exemptions and discounts would be preferable to a discretionary framework, reducing complexity, administrative costs, and the risk of inconsistent outcomes.

Question 13: Noting exemptions will only apply to property types with specific characteristics that are unlikely to change, do you have views on which properties in the proposed list should be exempt and which should be discounted?

We agree with the property types listed for exemption and discount. However, we would reiterate that these discounts must be clearly defined.

Question 14: Is there a case for providing a discount to tied properties?

No. Strongly disagree. It would introduce additional complexity into what is already likely to be a challenging scheme to administer.

The fundamental principle of the proposed surcharge is that it applies to the ownership of a high-value property. If an individual owns a property valued above the threshold, the fact that their employment requires them to live elsewhere should not, in itself, reduce their liability. The property owner continues to benefit from ownership of a high-value asset and should therefore remain liable for the surcharge.

Introducing a discount for tied properties would also create additional administrative burdens for local authorities, including the need to determine eligibility, verify employment arrangements, monitor changes in circumstances, and review claims on an ongoing basis. This would increase costs, complexity, and the potential for disputes and appeals.

A simple and clear scheme is likely to be the most effective approach. Creating further categories of discount risks making the policy more difficult for taxpayers to understand and for local authorities to administer consistently. Therefore, owners of properties valued above the threshold should remain liable for the surcharge regardless of whether they occupy the property or are required to live elsewhere as a condition of their employment.

Question 15: Is there a case for providing a discount to charities where they meet a charitable purpose test?

No - Again, as per Q.14 they still own a property worth over £2m so should be liable for the surcharge. Also, as stated earlier, local discretionary discount schemes need to be avoided here.

Question 16: What types of evidence would it be possible for taxpayers to provide to demonstrate eligibility for relevant discounts?

The types of evidence required will depend entirely on the discounts and exemptions that are ultimately adopted and how eligibility is defined in legislation.

It is important that the qualifying criteria for each discount are clearly prescribed in legislation or statutory guidance before evidence requirements are determined. Once eligibility conditions are clearly established, it will be easier for local authorities to specify the supporting documentation required and ensure consistent administration across all billing authorities.
Depending on the nature of the discount, evidence could include:

- HM Land Registry documentation to confirm ownership and property interests.
- Trust deeds, trust agreements, and supporting legal documentation where ownership is held through a trust structure.
- Employment contracts or employer confirmation where eligibility is linked to employment circumstances.
- Charity registration details and supporting documentation for charitable organisations.
- Probate, estate administration, or legal documents where ownership is affected by bereavement.
- Any other legal or financial documentation necessary to demonstrate eligibility under the relevant category of discount or exemption.

Wherever possible, local authorities should be able to verify information through existing government data sources rather than relying solely on customer-provided evidence. This would reduce administrative burdens, improve consistency, and minimise the risk of error or fraud.

The key consideration is that evidence requirements should be clear, proportionate, and nationally prescribed to ensure a consistent approach across all local authorities and to avoid unnecessary disputes over eligibility.

Question 17: What additional resources (for example, extra information) do you anticipate local authorities may need in order to assess eligibility for a discount?

It is not known what burden will be placed on the LA. We need to see the more detailed descriptions. As such it is hard to answer and would be somewhat guesswork at this stage. Also depends on case volumes, as discount reviews will be necessary. Data sharing, especially surrounding employment details, would be required.

Question 18: Do you have views on the proposed system of penalties set out above? What else would most help local authorities administer HVCTS efficiently?

We agree with this, although it would mean much more administration burden. There does need to be deterrents in place but it should not simply be left at the local authority discretion. Penalties need to be mandatory not discretionary, otherwise you risk all kinds of confusion. Also, this is not a Local Authority tax and, with all generated income going straight back to Central Government, would this mean the LA would get to retain any penalty recovered. If not, then I cannot see any LA doing them. Also, will statutory returns be required and audited?

Question 19: Noting the need to balance fairness with incentivising the provision of accurate information, do you have views on whether the penalty outlined in this section is sufficient?

Appears to look sufficient.

Question 20: Would allowing LAs to apply a penalty to other individuals (such as managing agents) to support compliance with information requests help identify hard-to-find owners? If so, what would an appropriate penalty level be?

Yes. We would need to have the power here and the mandatory amount needs to be fixed to avoid complications. A discretionary amount would give rise to possible challenge and further complications.

Question 21: Do you have any evidence on the housing market impacts of non-UK resident owners in high pressure housing markets?

Local authorities are not well placed to provide evidence on this issue, as information on whether property owners are UK or non-UK residents is very limited.

Data held by billing authorities is generally insufficient to assess the impact of non-UK resident ownership on local housing markets. Any meaningful analysis would be better undertaken using data held by central government bodies such as HM Land Registry, HMRC etc.

The question is also quite broad and further clarity on the specific housing market impacts being considered would be helpful. Overall, local authorities are unlikely to have access to sufficient data to provide robust evidence in this area.

Question 22: Do you think the government should explore charging additional High Value Council Tax Surcharge premium on non-UK resident owners of homes liable for the tax? Please explain your answer.

No. Introducing an additional surcharge for non-UK resident owners would add further complexity to the scheme and create additional administrative burdens for local authorities. It would require councils to establish residency status, verify changes in circumstances and undertake ongoing reviews, all of which would increase costs and the potential for disputes.

It is also unclear what positive outcome such a premium would achieve. There is little evidence to suggest that an additional charge would encourage non-UK resident owners to sell their properties or significantly influence ownership patterns.

Furthermore, determining residency status could be challenging and contentious, particularly where individuals have multiple properties or connections to more than one country. This could lead to increased appeals, complaints and disputes over matters such as where an individual's main residence is located.

A simpler scheme with clear and consistent liability rules would be easier for taxpayers to understand and for local authorities to administer effectively.

Question 23: What do you think the potential impacts of such a premium could be?

May stop non UK ownership but cannot anticipate any notable impacts – but it would also depend on the level of this additional non UK surcharge.

Question 24: How easy or difficult do you think it would be for owners to obtain and provide the evidence needed to support a band challenge (for example, similar properties with different bands, or sales information for similar properties from 2026)?

It may be difficult for owners to obtain and provide the evidence needed to support a challenge, although this reflects the challenges of valuing the property in the first place. As the Valuation Office will be responsible for determining values, it should have access to the evidence underpinning those valuations.

The valuation date of 1 April 2026 must also be clearly communicated, as many taxpayers will naturally associate property valuation with the existing council tax system and its 1991 valuation basis. Similarly, the use of the term "bands" could create confusion, as this surcharge is a separate property tax and not council tax.

Adopting an appeals process similar to the existing Valuation Office Agency and Valuation Tribunal arrangements would be logical and provide a well-established route for resolving disputes.

Question 25: Do you agree sharing information earlier in the dispute process about property banding would help to resolve disputes?

Yes.

Question 26: What would help homeowners feel confident that a challenge or appeal has been handled fairly and independently, even where the decision is not changed?

Knowing an expected timeline.

Question 27: Do you agree with the approach that homeowners should be able to appeal the VO banding and alterations decision and local authority's decision on liability to the Valuation Tribunal?

Yes. The appeal process needs to be made clear and we agree with the 6 month challenge period.

Question 28: Councils will require powers to enforce payment of the tax. Do you agree powers should align to those currently available in Council Tax?

Yes. Local authorities should have enforcement powers broadly aligned with those available for council tax, as this would provide a familiar and established framework.

However, consideration should be given to strengthening these powers, including greater use of the County Court rather than relying solely on the Magistrates' Court, which is already under significant pressure and can experience lengthy delays. This could improve efficiency and support more effective debt recovery.

Question 29: Do you have views on whether any of the proposals in this consultation will have any disproportionate impacts on persons who share a protected characteristic?

No significant issues. Although may have increased vulnerability claims.