

Council Tax Discounts – Furnished & Unfurnished Second Properties

- 4.1 The Council currently awards 50% discount to unoccupied properties, after any initial period of statutory exemption.
- 4.2 The proposal was made by Cabinet on 18th October to use the discretionary powers granted in the Local Government Act 2003 to vary this discount. As part of the budget proposals to be considered by the full Council, Council Tax discounts will be amended so that second homes (empty furnished property) are awarded 10% discount (being a statutory minimum requirement) and that empty unfurnished homes are charged at the full rate of Council Tax.
- 4.3 The logic in restricting discounts, particularly in the area of unfurnished property is to encourage occupancy of properties, in some cases to address disrepair issues and to generally encourage that the condition and use of the owner's property is contributing positively to the local community. Thus this represents a key economic lever within the Councils Empty Properties Action plan.
- 4.4 As part of the introduction of this policy a number of situations have been identified:
 - One of the anticipated improvements flowing from the recent Capita partnership is the timely issue of Completion Notices for new property. These are a mechanism by which new property is brought into rating at the earliest possible date. The issue of such notices is a statutory duty which Rossendale has historically found difficult to complete. With a more proactive approach it is likely that property developers will more often fall liable for payment of Council Tax for empty property and that these demands will also be for the full rate of Council Tax rather than the previously levied 50% charge. This new a proactive approach is a legitimate business cost/risk associated with property development.
 - Exemption from Council Tax can be awarded to a property for up to 12 months where that property requires major repair in order to render it habitable. This exemption relates to the property and cannot be claimed again by a new owner where the 12 months period has already expired. In such circumstances a new owner who purchases a property with the intent of refurbishing it would be immediately liable to pay full Council Tax. New owners should be aware of this requirement and should be a factor of their purchase negotiations and price.

- Anecdotal evidence from Authorities who have undertaken similar changes suggests that some property owners will invent fictitious tenants in order to evade liability themselves. Any such incidents will be investigated by the inspections team with legal penalties being enforced.
- Similar feedback suggests that where more than one property is owned by a married or co-habiting couple there will be a tendency to claim that one party resides in each property. In this scenario a single occupancy discount of 25% may be claimed on each property rather than two demands at the full rate. Again, any such incidents will be investigated by the inspections team with legal penalties being enforced
- Where a property is left unoccupied following the death of the liable party it is exempted from Council Tax for six months from the date of either; the death, or the date of granting of probate; under the new proposals where a property remains furnished after the expiry of the exemption it will be charged as a second home, where it is unfurnished the full charge will apply.
- Where a property is repossessed it is exempted from Council Tax. In many cases however the entitlement to exemption for either 6 months vacant property or 12 months uninhabitable property will expire alongside the exemption for repossession.
- Specific exemptions are available where a property is vacated by a person to receive care, for example in either a nursing home or with a carer elsewhere. However there is no such provision for a person who moves into sheltered accommodation or warden controlled property. Again the vacated property is currently charged at 50% and will in future attract a full charge.
- Members should note that there is no entitlement to Council Tax Benefit for an unoccupied property. Therefore customers on low income may be affected by these changes.

4.5 The above issues must, of course, be viewed in the light of the anticipated benefits to the community as a whole.

4.6 The granting of discretionary powers in relation to empty property discount was included in the Local Government Act 2003. The regulations state that 'Any determination of the billing authority under the Act will apply in respect of all the dwellings of that class in the whole, or only in a part of its

area, as the authority may specify'. That is to say that an authority must apply this change uniformly in terms of the circumstances of the property, although there is scope to make the change to part of an area only.

- 4.7 It must be stressed however that the requirement for a uniform policy in relation to Council Tax legislation is not intended to fetter the Councils duty to exercise discretion in individual cases where appropriate
- 4.8 For further information the current statutory exemptions are detailed below:

EXEMPTION	DESCRIPTION
CLASS A	Unoccupied & Unfurnished. Undergoing or in need of structural alteration and/or major repairs. Maximum 12 months including up to 6 months after completion of work.
CLASS B	Unoccupied for up to 6 months. Owned by a Charity. Last used in furtherance of aims of the charity.
CLASS C	Unoccupied & Unfurnished for up to 6 months. New properties after completion.
CLASS D	Person who would otherwise be liable is in detention. Not applicable when in detention for non-payment of fines or Ctax.
CLASS E	Previously the sole/main residence of a person now in hospital or care home. Relevant absentee.
CLASS F	Unoccupied for up to 6 months after death or after granting of probate.
CLASS G	Occupation prohibited by law
CLASS H	Unoccupied, held available for occupation by minister of religion as a residence from which to perform duties.
CLASS I	Unoccupied – liable party now has sole/main residence elsewhere for the purposes of receiving/better receiving care.
CLASS J	Unoccupied – liable party now has sole/main residence elsewhere for the purposes of providing/better providing care.
CLASS K	Unoccupied. Previously sole/main of a qualifying person who vacated to become a student or became a student within 6

	weeks of vacation.
CLASS L	Unoccupied. Mortgagee in possession.
CLASS M	Halls of residence
CLASS N	All occupiers are students or their dependants who are not British citizens.
CLASS O	Owned by secretary of state, held for use by the armed forces
CLASS P	Where at least one person has association within the meaning of armed forces act 1952 and dependents.
CLASS Q	Unoccupied, liable party is trustee in bankruptcy
CLASS R	Rated pitches/moorings not occupied by caravan or boat
CLASS S	Dwellings occupied by persons only less than 18 years old.
CLASS T	Unoccupied 'granny annexe' cannot be occupied by anyone not a dependent relative under 1990 planning act
CLASS U	All adults are severely mentally impaired or combination of SMI and students
CLASS V	Occupied by visiting diplomats
CLASS W	Occupied 'granny annexe'. Cannot be occupied by anyone not a dependent relative i.e. over 65, severely mentally impaired, permanently disabled.