



REPORT TO: CORPORATE COMMITTEE ON 30 JANUARY 2024

SUBJECT: REVISION OF 100% ADDITIONAL COUNCIL TAX CHARGE RELIEF POLICY

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT, FINANCE)

1. REASON FOR REPORT

- 1.1 To seek committee approval for the revision of the local authority's bespoke relief policy for properties liable for the payment of the Additional Council Tax Charge (or the 'Levy').
- 1.2 This report is submitted to the committee in terms of Section III (B) (11) of the local authority's Scheme of Administration relating to the administration of the levy, collection, payment and recovery of Council Tax.

2. RECOMMENDATION

2.1 It is recommended that Committee:

- i) agree the proposal stated in Sections 3 to revise the Council's policy governing the administration of relief from the 100% Additional Council Tax Charge; and**
- ii) agree the proposal in section 3.6 to make use of the discretionary power to delay the levy of the 100% Additional Council Tax Charge on properties being reconstructed for a twelve month period.**

3. POLICY DECISION

Background

- 3.1 The Policy and Resources Committee of 8 October 2013 decided to levy a 50% Additional Council Tax Charge on all long-term empty properties which have been unoccupied in excess of 12 months since 1 April 2014, increasing this to a 100% Additional Council Tax Charge from 1 April 2015 (Para 6 of the minute refers). It acts as a negative incentive to encourage Council Taxpayers to bring long-term empty properties back into occupation.

- 3.2 The Charge is only levied on a minority of domestic properties held on the Council Tax database. At 1 January 2024, 504 properties were liable to pay it, which is equivalent to 1.07% of the current Council Tax database.
- 3.3 The Charge contributes to the Council Tax revenue-stream. At 1 January 2024 100% Additional Council Tax Charge amounting to £0.592M had been levied in the current financial year, which is equivalent to 1.16% of the net total 2023-24 Council Tax levied by the local authority.
- 3.4 In the preceding financial years since the Additional Council Tax Charge was introduced by the local authority, 2014-15 to 2022-23, at 1 January 2024 Charges totalling £3.602M have been levied, and revenues of £3.237M ingathered.
- 3.5 The current policy governing the administration of relief for payment of the 100% Additional Council Tax Charge, which has been in place since 1 April 2016, was recently the subject of challenge at the Local Taxation Chamber of the First Tier Tribunal for Scotland. It was found by the Chamber that this policy was competent and conformed to the powers devolved to local authorities by Scottish Government.
- 3.6 In light of experience of the operation of the existing policy, it is considered appropriate to review aspects of it to improve its effectiveness.

Proposal

- 3.7 In addition to the grounds on which relief from the levy of the 100% Additional Council Tax Charge is currently available (which are listed along with their qualification criteria in **Appendix 1**), it is proposed that the following new relief classes are introduced:
- i) 10% Liable Person Change discount;
 - ii) 10% Building Warrant or Planning Application discount;
 - iii) 10% Reconstruction Work discount.
- 3.8 Qualification to any discount listed in para 3.7, above, will replace liability for the payment of the 100% Additional Council Tax Charge.
- 3.9 The intention is that the proposed policy amendments outlined in this report will become effective on 1 April 2024.
- 3.10 The proposals made here are intended to assist taxpayers who want to bring long-term empty properties back in to use quickly, thereby making more domestic accommodation available within Moray. They are not intended as a means by which the payment of the 100% Additional Council Tax Charge may be evaded.
- ### **Liable Person Change**
- 3.11 The current policy makes provision for an award of 10% discount to be made for a maximum period of 12 months when a property has already been empty in excess of 12 months (thus resulting in it already incurring the 100%

Additional Council Tax Charge) and there is a change of ownership, whether via purchase or transfer.

- 3.12 It is proposed that a new Liable Person Change discount (LPCD) should be put in place when there is a change of liable person via:
- i) ownership;
 - ii) tenancy;
 - iii) legal transfer of ownership (for example in the winding up of a deceased person's estate); or
 - iv) vacation of a property by a liferentee.
- 3.13 If any of these conditions are satisfied there will be an entitlement to a maximum award of 12 months' 10% discount if the property had been already been empty in excess of 12 months on the date that the new taxpayer became liable for the payment of Council Tax (and thus would have otherwise become immediately liable for the payment of the 100% Additional Council Tax Charge).
- 3.14 The proposed LPCD discount award would for the period of its currency replace the levy of the 100% Additional Council Tax Charge.
- 3.15 The following classes of liability changes are excluded from LPCD qualification:
- i) any rental agreement or transfer of liability for the payment of Council Tax between family members; or
 - ii) any change of liable person which appears to the Taxation Services Manager to be an attempt to evade liability for payment of the 100% Additional Council Tax Charge.
- 3.16 This discount is necessary as the legislation governing empty properties limits the award of some exemptions to 12 months from the last date of occupation. This means in practice that no empty property exemption is available once the 100% Additional Council Tax Charge has been added.
- 3.17 This discount will be application based.

Building Warrant or Planning Application

- 3.18 The current local policy makes no provision for a reduction award to be made while the local authority is processing a Building Warrant and/or Planning application. It is proposed to address any potential difficulties caused by this by the introduction of a specific discount.
- 3.19 It is proposed that a 10% Building Warrant or Planning Application discount (BWPAD) is put in place.
- 3.20 Each of the following conditions will require to be satisfied before a BWPAD award is made:
- i) the taxpayer has submitted a completed Building Warrant or Planning Application; and

- ii) this application is accompanied by all of the required supporting documentation and evidence; and
 - iii) the local authority has not disposed of the application via a written decision; and
 - iv) a period of 24 months has not elapsed following the taxpayer becoming liable for the payment of Council Tax on the property.
- 3.22 BWPAD may only be awarded from the date on which the local authority held a completed Building Warrant or Planning Application until the date on which a written decision on the application is issued.
- 3.23 Once a decision is communicated entitlement to this relief will terminate, and the 100% Additional Council Tax Charge will be levied.
- 3.24 If the conditions detailed in 3.21, above, are satisfied there will be an entitlement to a maximum award of 12 months' 10% discount, but such an award may terminate before expiry of the maximum 12-month period once (whichever occurs first):
- i) 24 months have elapsed since the taxpayer became liable for the payment of Council Tax; or
 - ii) the local authority has issued a decision on the Building Warrant or Planning application.
- 3.25 It is not envisaged that any the Building Warrant or Planning application for a domestic dwelling held on the Valuation List will exceed 12 months to resolve so there will be no provision within the proposed policy to extend this relief beyond the parameters indicated in point 3.4.6, above.
- 3.26 The proposed BWPAD discount award would for the period of its currency replace the levy of the 100% Additional Council Tax Charge.
- 3.27 This discount will be application based and administered by a designated local authority officer.
- Reconstruction Work**
- 3.28 The current local policy makes no provision for a reduction award to be made while a taxpayer is undertaking reconstruction work or remedial work to bring a property, subject to 100% Additional Council Tax Charge, back into use.
- 3.29 Council Tax legislation as enacted by Parliament states that an unoccupied property may only be exempted from the payment of Council Tax for a maximum period of 12 months from the property's last date of occupation.
- 3.30 It is proposed that a 10% Reconstruction Work discount (RWD) is put in place.
- 3.31 Each of the following conditions will require to be satisfied before a RWD award is made:

- i) the Council Taxpayer has agreed a plan of works with a designated local authority officer. This agreement will include milestones for work being undertaken and being completed; and
- ii) continued entitlement to this discount to the end of its currency is dependent on previously-agreed milestones being achieved, or a reasonable explanation being submitted to a designated local authority officer for the milestone passing without the agreed works having been completed; and
- iii) a period of 42-months has not elapsed following the taxpayer becoming liable for the payment of Council Tax on the property.

3.32 If these conditions are satisfied there will be an entitlement to a maximum award of 18 months 10% discount. Any such award may be terminated if milestones agreed with a designated local authority officer are not met.

3.33 To ensure that properties are brought quickly back into use, there will be no provision within the proposed policy to extend this relief beyond the parameters indicated in point 3.5.5, above.

3.34 The proposed RWD discount award would for the period of its currency replace the levy of the 100% Additional Council Tax Charge.

3.35 This discount will be application based and administered by a designated local authority officer.

Reconstruction Work: legislative changes

3.36 Scottish Government has recently published The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023.

3.37 Paragraph 3 of the this legislation makes provision for a property which it can be evidenced is undergoing repairs of renovations, and has been purchased within the last six months, to be excluded from the levy of the Additional Council Tax Charge. This instrument also states that the local authority has discretion to extend the six-month period before the imposition of the levy of the Additional Council Tax Charge.

3.38 This legislative change is due to come into force on 1 April 2024.

3.39 It is proposed that the local authority exercise the discretion expressed in this legislation to extend the period in which a newly-purchased property undergoing repairs or renovations is excluded from the levy of the Additional Council Tax Charge to twelve months.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

It is envisaged that this report will further promote bringing long-term empty properties back into use, thereby further increasing the availability of Housing within Moray.

(b) Policy and Legal

The agreement of the proposal contained Section 3 of this report will result in the revision of the local authority's policy on the levying of the 100% Additional Council Tax Charge.

The agreement of the proposal contained in point 3.6 of this report will result in the local authority exercising discretionary powers made available to it in The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023.

(c) Financial implications

The impact of the proposed revision of the existing local policy on relief from the 100% Additional Council Tax Charge cannot be meaningfully modelled as it is entirely dependent of taxpayer demand, but it is envisaged that any loss resulting from the proposed policy change may be off-set against the benefits to the local authority of promoting the outcome of bringing domestic properties back into occupancy.

(d) Risk Implications

No risk implications for the local authority arise from the content of this report.

(e) Staffing Implications

This report will result in some additional work being incurred by the staff of the Taxation Team and the staff of the Economic Growth and Development department but it is envisaged that this may be absorbed as part of their current duties.

(f) Property

No property implications for the local authority arise from the content of this report.

(g) Equalities/Socio Economic Impact

Following review of this report by the Equal Opportunities Officer no equalities implications for the local authority were identified in its content.

(h) Climate Change and Biodiversity Impacts

No Climate Change and Biodiversity implications for the local authority arise from the content of this report.

(i) Consultations

The Depute Chief Executive (Economy, Environment and Finance), the Chief Financial Officer, the Development Management and Building Standards Manager, the Head of Economic Growth and Development, the Legal Services Manager, the Principal Building Standards Officer, the Equal Opportunities Officer and the Democratic Services Manager have been consulted in the preparation of this report and their comments incorporated in its content.

5. CONCLUSION

- 5.1 This report proposes the revision of the local authority's policy on the reliefs made available to Council Taxpayers liable to pay the Additional Council Tax Charge.**

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Background Papers:

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