



# Understanding your council tax banding

The current rules for council tax in England



## Introducing the Valuation Office Agency

The Valuation Office Agency (VOA) is an Executive Agency of HM Revenue & Customs (HMRC).

Our main functions are to:

- Compile and maintain the business rating and council tax valuation lists for England and Wales. In Scotland council tax and business rates are dealt with by the Scottish Assessors
- Value property in England, Wales and Scotland for the purpose of taxes administered by HM Revenue & Customs
- Provide statutory and non-statutory property valuation services in England, Wales and Scotland
- Give policy advice to Ministers on property valuation matters

Further information is available at all our offices and on our website, explaining these areas of work and standards of service we provide.

[www.voa.gov.uk](http://www.voa.gov.uk)

**Contact details for your local office can be found at the back of this booklet.**

This booklet explains the council tax bands that are currently in effect in England, how council tax bands are allocated, and what this means for your council tax bill.

**This booklet sets out the current rules for all properties in England. It applies equally to old and new properties regardless of date built.**

This booklet should not be regarded as a complete guide to the law.

If you require this booklet in an alternative format or language, please contact your local Valuation Office.

## Contents

What is council tax?	2
Council tax bands	3
Why 1 April 1991?	3
Defining the taxable property	4
Allocating the band	4 - 5
Changes in the property market	5
Changes in banding	6
Home improvements and council tax banding	7
Moving home?	7
Changes to your property or to the locality	8
Self-contained units	8 - 9
Multi-occupied property	10
Using your home for business	10
Provisions for people with disabilities	10
What to do if you disagree with your council tax banding	11
The council tax bill	12
Paying the bill	12
Further information	13

### What is council tax?

Council tax in England is a local tax based on what a home would have sold for at a fixed point in time: 1 April 1991. The income from council tax is collected by local councils to help pay for local services.

The VOA is the government organisation responsible for allocating a council tax banding to all homes in England and Wales. Wherever you live, you can check your current council tax band and the council tax band allocated to all other homes in the council tax valuation lists, available on the VOA website at [www.voa.gov.uk](http://www.voa.gov.uk). The VOA has offices throughout the country.

**We are not part of your local council (who are responsible for the production of your bill and collection of payments) although we do work closely with them on the council tax system.**



## Council tax bands

The table below shows the range, based on 1 April 1991 values, for each band in England. These bands, which came into effect on 1 April 1993, were set by Parliament in the Local Government Finance Act 1992. Each year your local council sets the level of council tax and can tell you the amount payable for each band.

Valuation Band	Open Market Value as at 1 April 1991
Band A	Not more than £40,000
Band B	£40,001 to £52,000
Band C	£52,001 to £68,000
Band D	£68,001 to £88,000
Band E	£88,001 to £120,000
Band F	£120,001 to £160,000
Band G	£160,001 to £320,000
Band H	More than £320,000

## Why 1 April 1991?

**Council tax is based on what a property would have sold for on a set date: 1 April 1991.** This common date ensures that every property is treated in the same way, even those that weren't built at the time, giving a fair and consistent approach for everyone. Even new homes are valued on the basis of what they would have been worth on 1 April 1991. Any increase or decrease in a property's value caused by general fluctuations in the housing market will not affect a council tax band, unless and until there is a council tax revaluation.

More information on how we value property for council tax can be found in the council tax section of the VOA website [www.voa.gov.uk](http://www.voa.gov.uk).

## Defining the taxable property

Broadly speaking each separate unit of living accommodation, occupied by the same person(s) and within the same area of land, comprises a 'dwelling', together with any garden, yard, garage or other outbuildings attached to it. This is an important point in understanding what the VOA is looking at when allocating your property to one of the bands. It is also a good starting point if you want to compare your property with others.

Each property is allocated to one of the eight bands, A to H, ('A' being the lowest) according to its notional value on 1 April 1991, as detailed in the previous section. The bands are shown against all properties in local valuation lists. The lists show which band a property has been allocated, which reflects a value range, not an actual value. The lists can be viewed online at [www.voa.gov.uk](http://www.voa.gov.uk).

## Allocating the band

The VOA takes account of the size, age and character of the property as well as its location when allocating a council tax band. It uses property sales prices achieved around 1991 to arrive at the correct band for the property.

### **NOTE:**

*This is a simplified explanation. For further information about how your property is measured see [www.voa.gov.uk](http://www.voa.gov.uk)*

For council tax, the basis of measurement for all houses and bungalows is the building's gross floor area, including wall thicknesses. This will include bay windows, chimney breasts etc., but will generally exclude areas with headroom under 1.5metres (e.g. under sloping ceilings in attic rooms).

The basis of measurement for most flats and maisonettes is net floor area with measurements taken between the wall surfaces of each room (not skirting boards). Bathrooms, WCs



<sup>1</sup> 'open market' – this assumes the property is offered freely with adequate publicity given to the sale. Please note that sales under a discount scheme (such as 'Right to Buy') do not fall within the definition of 'open market'.

<sup>2</sup> 'willing vendor' – someone who willingly sells a property and is not in any way forced to do so.

<sup>3</sup> 'state of reasonable repair' – the state of repair it would be reasonable to expect for a property, taking its age, character and location into consideration.

and associated lobbies, as well as connecting corridor areas within a flat would not usually be measured. As with houses, areas with headroom of less than 1.5metres will be excluded.

The basis of valuation used to allocate a council tax band is the amount, subject to certain assumptions, the property would have sold for on the 'open market'<sup>1</sup> by a 'willing vendor'<sup>2</sup> on 1 April 1991.

The following assumptions, which are set out in regulations made by Parliament, are made to ensure that a fair and consistent approach is always adopted:

- The assumed sale was with vacant possession
- Houses were sold freehold
- Flats were sold on a 99 year lease
- Properties were in a 'state of reasonable repair'<sup>3</sup>
- The property had no potential for any building work or other development requiring planning permission

## Changes in the property market

Assessments are based on the price a property would have achieved if it had been sold on the open market on 1 April 1991. Any increase or decrease in a property's value caused by general fluctuations in the housing market since 1991 will not affect a council tax band, unless and until there is a council tax revaluation.





## Changes in banding

Individual properties might need to have their banding re-considered. This may apply to you if:

- Your home decreases in value because:
  - part of it is demolished
  - substantial changes take place in the local area (for example a new road is built nearby)
  - alterations have been carried out to make it suitable for use by a person with a physical disability (see page 8 'Changes to your property or to the locality')
- You start or stop using part of your home to operate a business, or the balance between business and domestic use changes
- Your home has a higher value because a previous owner has carried out major improvements, such as building an extension; this would usually affect the banding for the new occupier and not the person who had the work done (see page 7 'Home improvements and council tax banding')
- You create a self-contained unit, such as an annexe to house an elderly relative (see page 8 'self contained units')
- A house has been split into individual flats, or flats have been merged into one home
- Information is brought to light that makes it clear that the original banding was wrong



### Home improvements and council tax banding

Your council – through the planning or building control process – informs us when any alterations have been carried out to a property, such as an extension. If we are unable to get enough information about alterations from the council we might send you a questionnaire asking you to provide us with details. Very occasionally we might need to visit and we would contact you in advance to make suitable arrangements.

*<sup>4</sup> In a very few situations the banding can be changed without a sale e.g. the creation of an annexe to house an elderly relative.*

*<sup>5</sup> In some circumstances a sale may not involve a change of occupier e.g. when a lease is extended or you purchase the freehold ground rent.*

**PLEASE BE AWARE:** Generally, any improvements that you make to your property will not be taken into account for banding purposes unless you sell the property.<sup>4</sup> Even then the alterations do not necessarily mean an increase in the council tax band. This will only happen if the alterations have added sufficient value, reflecting 1991 values, to push the property into a higher band.

**When improvements are reflected after a sale, it will be the new occupier<sup>5</sup>, and not you, who is liable for any increase in banding. The change is effective from the date that the valuation list is altered.**

### Moving home?

If you are considering buying a property that has been altered or extended, you should be aware that the council tax banding could be increased *after* the sale has taken place. If it is necessary for us to change the banding after a sale, any new banding will be based on what the property would have been expected to sell for on 1 April 1991, including the improvements.

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### Changes to your property or to the locality

The VOA will consider alterations to a council tax valuation list where changes have occurred to the property or there has been a permanent change to the locality. The circumstances where these alterations will be made are limited and you should contact the VOA in the first instance if you feel that something has affected the council tax banding of your property. The points below will give you a guide to some of the circumstances where an alteration to the banding of a property may be considered; however, each case is assessed looking at the individual circumstances.

Alterations may be considered to the banding of a property where the following has occurred:

- The demolition of part of the property – however, this will not affect the banding if the demolition is simply done prior to carrying out improvements and alterations to the property.
- A change in the state of the area surrounding a property. The change would have to be something fixed and permanent (such as a new road), not something only apparent for a short period of time.

In some cases, for instance flooding or heavy snowfall, the impact may have been severe but, for the purposes of council tax, this would not normally be considered a permanent fixed change. However, in cases of flood damage you should contact your local council who will consider using their discretion to give you help with payment of council tax.

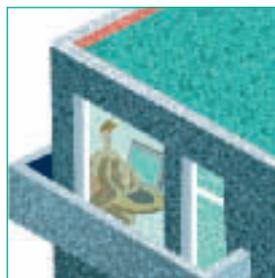
- Any adaptations to a property to make it suitable for use by a physically disabled person, which reduces its value.

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### Self-contained units

The law requires that each self-contained unit must be separately banded. A self-contained unit is a building or part of a building constructed or adapted to make it capable of forming a separate unit of living accommodation. This could be, for example, an annexe for an elderly relative, or adjoining properties knocked through, and occupied as one unit, but retaining essential facilities of two.

It makes no difference whether one or more than one household occupies the units. If a unit is constructed or adapted for use as separate living accommodation, then it will have a separate council tax banding regardless of how it is used.



The fact that a unit shares common services and cannot be sold on its own does not prevent it from being classed as a self-contained unit and having a separate council tax banding.

When deciding whether any living accommodation is a self-contained unit, the VOA considers several key points:

- The physical character and layout –  
*a self-contained unit must be physically capable of use as separate living accommodation and will have either been built for separate living or adapted for separate living*
- The physical identity of the accommodation –  
*a self-contained unit will normally not be spread over different parts of a building. For example accommodation consisting of a living room and a kitchen with a bedroom and a bathroom situated across a common hallway is unlikely to be a self-contained unit*
- The provision of standard facilities –  
*a self-contained unit will normally have its own facilities for living and sleeping as well as a WC and areas for cooking and washing*

Common examples of properties that are identified as self-contained units are:

- Annexes, or 'granny' flats, often designed and built for elderly relatives
- Accommodation for wardens in student accommodation
- Previously separate but adjoining houses/flats now occupied as one residence
- Former servants' quarters in large houses

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### **Multi-occupied property**

Where a property was originally constructed as a single property, but is now multi-occupied (perhaps as bed-sit accommodation with shared facilities), the VOA has discretion, according to the circumstances, to treat the whole building as one property. However, where alterations have been made to provide separate facilities within the units, it is likely that each unit will be individually banded.

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### **Using your home for business**

Some properties are used for both domestic and business purposes. These include, for example, a public house with a flat above, a shop with living accommodation and any business premises occupied together with living accommodation. Farms would also be included. These properties are known as 'composite' properties.

If you use part of your home for something other than living accommodation you may have to pay rates on the proportion used for business purposes. When deciding if a separate 'rateable value' is applicable to the space used for business, the VOA looks at the extent and frequency of the business use of the room or rooms as well as any special modifications made to the property. If the business part is given a rateable value it will be liable to business rates, whilst the remainder of the property will continue to be liable to council tax, although a different band may be allocated to it.

Any property that is composite is shown in the council tax list with the abbreviation 'comp' next to its entry.

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### **Provisions for people with disabilities**

Any special fixtures designed to make your home suitable for a person with a disability that add to its value, are disregarded when the property is allocated a band. Your home is therefore not placed in a higher band because of them.

However, if your home has special fixtures to cater for a physical disability that reduces its value, they are taken into account in the banding and your home may be placed in a lower band than it otherwise would have been. If your home has special fixtures that reduce its value but you think the fixtures have not been taken into account, you should contact your local Valuation Office. Contact details are at the back of this booklet.

### **What to do if you disagree with your council tax banding**

If you disagree with your council tax banding you should call your local Valuation Office and speak to the council tax team who can answer your questions and explain how the council tax band has been allocated to your property.

There are a number of things you can do prior to contacting us, which might answer some of your questions. Look at the banding of other properties similar to yours. You can do this on our website [www.voa.gov.uk](http://www.voa.gov.uk). Particularly look at those that are in the same location, of similar age and size. Think about any alterations that may have been made to your property, or those you are comparing it to, that make a difference. Often improvements will not be reflected in a council tax banding until a property has been sold.

When you contact us we will ask you to explain the reasons why you think your band might be wrong, so doing some research in advance will help your case. We will also ask you to confirm the details we hold about your property. We will then review your band, comparing it with similar properties in the neighbourhood and taking any points you raise into consideration. In certain circumstances you will be able to submit a valid 'proposal' to alter the council tax valuation list. (This gives you the opportunity to appeal the outcome of our review to an independent Valuation Tribunal if you are not satisfied)

Please note: By law the VOA can only accept a proposal as 'valid' in a limited number of circumstances. The circumstances in which you can make a valid proposal are fully listed on our website or you can contact your local Valuation Office, who will be able to advise you, details are on the back of this booklet. A leaflet 'What to do if you disagree with your council tax banding' is also available from your local Valuation Office.

***IMPORTANT: You must ensure that you continue to pay your council tax while you have a band review or appeal pending.***

We will write to you with the outcome of our review as soon as possible, usually within two months. If you have submitted a proposal that has been accepted as valid and you disagree with our decision on your case, you can appeal to an independent Valuation Tribunal. This is not possible if you disagree with the outcome of an informal band review.

**The council tax bill** Your local council sets the level of council tax each year. The amount you pay depends on how much the local council and other public bodies in your area spend on services and how much money they receive from elsewhere. The amount you have to pay, before any reductions, will also depend on the banding of your home. We cannot take into account the amount you pay in council tax when we allocate the band.

**Paying the bill** You will usually receive your council tax bill in March or April each year. The bill will tell you the amount you have to pay and how that amount has been worked out. The bill will also set out payment details, including the amount of each instalment and the dates on which each one should be paid.

**Your local council will be able to answer any queries you may have about your bill.**



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**Valuation Office Agency**

The Valuation Office Agency (VOA) has a statutory duty to allocate a council tax band to all homes in England, maintain the council tax valuation lists of bandings and deal with queries. Council tax information can be found on our website [www.voa.gov.uk](http://www.voa.gov.uk) or by contacting one of our local offices. We have information available on other aspects of council tax in hard copy format including a leaflet on the VOA's standards of service 'Our charter for council tax'.

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**Local councils**

Local councils calculate council tax liabilities, assess eligibility for discounts, apply discounts, issue bills and collect payments. Contact details for your local council can be found on your council tax bill or in your telephone directory.

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**Valuation Tribunal**

The Valuation Tribunal is an independent body, separate from the VOA and the local council, that deals with and makes decisions about appeals relating to council tax. [www.valuation-tribunals.gov.uk](http://www.valuation-tribunals.gov.uk)

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**Communities and Local Government**

Communities and Local Government is the government department with overall policy responsibility for council tax legislation in England. [www.communities.gov.uk](http://www.communities.gov.uk)

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**To contact us:**

- Call us on 0845 602 1507 which will connect you to your local office
- Visit our website [www.voa.gov.uk](http://www.voa.gov.uk) and see the 'Where to find us' section

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This paper originates from sustainable managed forests and is chlorine free