



BARCHESTER

DISTRICT COUNCIL

A FAIRER COUNCIL TAX

**To J Smith
46 Acacia Avenue
Barchester BR2 3AB**

The Council Tax is changing next April. The present Council Tax with bands from A to H will be replaced by a charge based on the annual rental value of the site on which your house or flat is built.

WHY HAS THE GOVERNMENT MADE THIS CHANGE?

The government has decided to change the Council Tax to make it fairer and less bureaucratic and to bring the valuations up to date. The change makes it possible to raise more money without increasing the tax burden on the majority of tax payers. This is necessary if the government is to achieve its objectives of promoting economic recovery by cutting VAT and raising the threshold for Income Tax.

The present council tax valuations are based on 1991 house prices. To reduce the cost of valuation, we are using site values only. This means it is not necessary to inspect every property or to take account of improvements such as garages and loft conversions.

HOW MUCH WILL YOU PAY

The charge will be a percentage of the assessed value. This is fairer than the Council Tax where those in the top band H pay only three times those in band A. Vacant sites with planning permission will also be subject to the charge.

The council will be told by the government how much it must raise from the new charge. The total land value in the council area is £1 billion per year. If the council is required to raise £250 million, the rate will be set at 25%. If you are in band C or below, you will almost certainly pay less than at present. Remember also that other taxes are being cut at the same time so you are likely to be better off.

QUESTIONS AND ANSWERS

HOW WERE THE VALUATIONS DONE?

To begin with we looked at rentals across the country, based on local information from, for instance, estate agents. In areas far from the capital, rentals are little more than sufficient to cover the costs and maintenance of the building. In the most popular areas around London and the south-east, rentals are up to three times those for similar houses in the cheapest areas. The difference is the value of the site, the “location value”.

We also looked at the cheapest and most expensive properties within each town, area and neighbourhood, to build up the complete set of values. This confirmed what everyone will already know, that site values in Park Avenue are higher than those in Church Road, which in turn are higher than those in Canal Street. This gives us the land value per square metre and per metre of road frontage in the area where your house stands and in the immediate vicinity, so that the value of your house site can be calculated.

We have also taken into account the area and length of frontage of the site.

HOW DO I KNOW IF MY VALUATION IS CORRECT?

You should first compare your assessment with others in the neighbourhood. It should be more than that in a less desirable street but less than that in a better street. Larger sites and corner sites are generally going to be worth more.

CAN I APPEAL AGAINST MY VALUATION?

Yes, if you think your property has been assessed at too high a value and can show this by comparing it with others.

HOW WERE FLATS ASSESSED?

The values of sites occupied by blocks of flats were assessed in the same way as all other residential sites and the value divided amongst all the flats in the block. Ground floor and upper floor flats were allocated a higher proportion of the value than flats on the lower floors as these are generally considered to be less desirable.

WHAT HAPPENS IF I BUILD A GARAGE OR CONVERT MY LOFT?

Nothing. The valuation is unchanged.

WHAT HAPPENS TO THE SINGLE PERSON COUNCIL TAX RELIEF?

There is no relief for single person households. This present arrangement is a disincentive to taking in lodgers and aggravates the housing shortage.

CAN I RECEIVE HELP TO PAY THE CHARGE?

Those on low incomes, including pensioners, will continue to be eligible for assistance for payment of their land value charge.

WHAT IF I AM A LEASHOLDER?

Under the regulations, leaseholders will be entitled to deduct a proportion of their ground rent from what they pay to their freeholders. The amount will be the ground rent payable multiplied by the rate of tax set by the council. Thus, if your ground rent is £500 per year and the rate is 23%, then you should deduct £115 from the amount you pay your freeholder.

WHAT ABOUT SHORTHOLD TENANCIES?

These will have come to an end by the time the new tax arrangements come into force. Future shorthold tenancies will make payment the responsibility of the landlord. Market rentals will adjust to take account of this change. We would expect little change as vacant properties will be subject to the full charge and landlords will be keen to find tenants as soon as possible.

PROPERTY REFERENCE NUMBER ZZ XXXXXX

46 ACACIA AVENUE BARCHESTER

ANNUAL SITE RENTAL VALUE £XXXX