

**Call for evidence on the Council Tax (Substitution of Proportion) (Scotland)
Order 2016**

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To: LGCCCommittee@parliament.scot

**The Clerk to the Local Government Committee
Committee Office
The Scottish Parliament
Edinburgh
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Scottish Land & Estates is a membership organisation representing landowners, land managers and rural businesses across Scotland. The majority of these are small to medium sized family businesses. The vast majority of our members have residential properties – this will include primary residences, secondary residences and also properties which we let to third parties. Therefore any change to Council Tax is of interest to the organisation and its membership. We have previously submitted written evidence and gave oral evidence to the Commission on Local Taxation established by the Scottish Government and COSLA.

1. Overall, do you support the principles of the Government's plans to reform Council Tax?

The current system has been in place for some time and there is an inherent risk with bringing in any new tax in place of Council Tax in that it will be untested and could present difficulties in introduction and collection and we therefore understand the Scottish Government's rationale to amend rather than replace the existing system. However, we are disappointed that revaluation is not being taken forward at this stage and believe that reform in this regard is well overdue. Not only should revaluation take place (as is happening with

non-domestic properties), but there should be a clear cycle going ahead for future revaluation to ensure we do not have a similar situation to now.

In terms of Council Tax banding, we are aware that only 1% of dwellings are currently in the highest band “H”. We have previously emphasised that in any reform, simplistic changes to bands should not be made which simply penalise some, but without consequent advantage in overall tax return and potential serious detriment to investment in heritage properties and local investment more widely. We therefore hope that proper analysis has been undertaken to identify extra revenue which may be collected against any potential costs of reform.

2. To what extent will the Government’s proposed reforms make the system of Council Tax fairer?

We consider that the proposed reforms do not address some key issues:

- The Council Tax appeals process can be difficult to understand and simplifying this procedure would be welcome, including a plain English guide. Appeals should be independent and there should be good interface with taxpayers.
- There are fewer comparable properties for valuation purposes when re-assessing in rural or less densely populated areas as opposed to urban housing estates.
- Basing the tax on 1991 sale levels is outdated and the absence of legislation for automatic revaluation politicises this issue.

Until these aspects of appeal and revaluation are properly considered we do not believe that the system will be “fairer”. Because there has been no revaluation since the council tax was introduced, many properties now find themselves in the wrong band.

3. To what extent will the changes be straightforward for local authorities to implement?

Scottish Land & Estates believes that this question will be best answered by local authorities themselves and indeed it may depend upon the local authority due to the varying proportions of properties in each band, some rural authorities such as Aberdeenshire or urban authorities such as City of Edinburgh having relatively more properties within bands affected by the reforms. However, by and large there is a public acceptance of Council Tax and we consider that Council Tax is relatively low cost for local authorities to administer with high collection rates and virtually no avoidance, with all sales being registered and available to the assessor and the asset obvious to all. We therefore hope that the changes will not affect this.

4. Do you support the Government’s planned changes to Council Tax reductions?

Scottish Land & Estates certainly considers that households may be asset rich but cash poor and we agree that relief should be available and so this is welcome as there is no direct link within the council tax system between the size or value of somebody’s property and their ability to pay their tax bills. However, it will be vital that local authorities who will be administering this are aware of the relief and that it is applied consistently and with minimum bureaucracy. Further detail is required as to the operation of the relief.

5. Please add any other comments on any aspect of the proposed reforms.

We would simply highlight that in addition to Council Tax, our members typically pay a swathe of other taxes and clearly the context in which our members and taxpayers more generally currently contribute to HMRC and Revenue Scotland should always be recognised in reform of local government finance. Reform such as that proposed by Scottish Government requires to take full account of the wider tax take by Scottish and UK Government and be considered alongside other taxation issues such as the business rates review, in challenging economic times for the rural sector generally. Reform of Council Tax needs to be carefully considered as it will have a major impact across Scotland, but especially in terms of matters such as rural employment and investment if unduly burdensome and onerous for property owners. In addition to the revenue raised, it is also important for Scottish Government and local authorities to consider the use of that revenue and their spending of funds.

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