



Local Government Finance Act 1992

1992 CHAPTER 14

PART I

COUNCIL TAX: ENGLAND AND WALES

CHAPTER I

MAIN PROVISIONS

Preliminary

1 Council tax in respect of dwellings

- (1) As regards the financial year beginning in 1993 and subsequent financial years, each billing authority shall, in accordance with this Part, levy and collect a tax, to be called council tax, which shall be payable in respect of dwellings situated in its area.
- (2) In this Part “billing authority” means a district or London borough council, the Common Council or the Council of the Isles of Scilly.
- (3) For the purposes of this Part the Secretary of State may make regulations containing rules for treating a dwelling as situated in a billing authority’s area if part only of the dwelling falls within the area.

2 Liability to tax determined on a daily basis

- (1) Liability to pay council tax shall be determined on a daily basis.
- (2) For the purposes of determining for any day—
 - (a) whether any property is a chargeable dwelling;
 - (b) which valuation band is shown in the billing authority’s valuation list as applicable to any chargeable dwelling;
 - (c) the person liable to pay council tax in respect of any such dwelling; or

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(d) whether any amount of council tax is subject to a discount and (if so) the amount of the discount,

it shall be assumed that any state of affairs subsisting at the end of the day had subsisted throughout the day.

Chargeable dwellings

3 Meaning of “dwelling”

(1) This section has effect for determining what is a dwelling for the purposes of this Part.

(2) Subject to the following provisions of this section, a dwelling is any property which—

- (a) by virtue of the definition of hereditament in section 115(1) of the General Rate Act 1967, would have been a hereditament for the purposes of that Act if that Act remained in force; and
- (b) is not for the time being shown or required to be shown in a local or a central non-domestic rating list in force at that time; and
- (c) is not for the time being exempt from local non-domestic rating for the purposes of Part III of the Local Government Finance Act 1988 (“the 1988 Act”);

and in applying paragraphs (b) and (c) above no account shall be taken of any rules as to Crown exemption.

(3) A hereditament which—

- (a) is a composite hereditament for the purposes of Part III of the 1988 Act; and
- (b) would still be such a hereditament if paragraphs (b) to (d) of section 66(1) of that Act (domestic property) were omitted,

is also, subject to subsection (6) below, a dwelling for the purposes of this Part.

(4) Subject to subsection (6) below, none of the following property, namely—

- (a) a yard, garden, outhouse or other appurtenance belonging to or enjoyed with property used wholly for the purposes of living accommodation; or
- (b) a private garage which either has a floor area of not more than 25 square metres or is used wholly or mainly for the accommodation of a private motor vehicle; or
- (c) private storage premises used wholly or mainly for the storage of articles of domestic use,

is a dwelling except in so far as it forms part of a larger property which is itself a dwelling by virtue of subsection (2) above.

(5) The Secretary of State may by order provide that in such cases as may be prescribed by or determined under the order—

- (a) anything which would (apart from the order) be one dwelling shall be treated as two or more dwellings; and
- (b) anything which would (apart from the order) be two or more dwellings shall be treated as one dwelling.

(6) The Secretary of State may by order amend any definition of “dwelling” which is for the time being effective for the purposes of this Part.

4 Dwellings chargeable to council tax

- (1) Council tax shall be payable in respect of any dwelling which is not an exempt dwelling.
- (2) In this Chapter—
 - “chargeable dwelling” means any dwelling in respect of which council tax is payable;
 - “exempt dwelling” means any dwelling of a class prescribed by an order made by the Secretary of State.
- (3) For the purposes of subsection (2) above, a class of dwellings may be prescribed by reference to such factors as the Secretary of State sees fit.
- (4) Without prejudice to the generality of subsection (3) above, a class of dwellings may be prescribed by reference to one or more of the following factors—
 - (a) the physical characteristics of dwellings;
 - (b) the fact that dwellings are unoccupied or are occupied for prescribed purposes or are occupied or owned by persons of prescribed descriptions.

5 Different amounts for dwellings in different valuation bands

- (1) The amounts of council tax payable in respect of dwellings situated in the same billing authority’s area (or the same part of such an area) and listed in different valuation bands shall be in the proportion—

6: 7: 8: 9: 11: 13: 15: 18

where 6 is for dwellings listed in valuation band A, 7 is for dwellings listed in valuation band B, and so on.
- (2) The valuation bands for dwellings in England are set out in the following Table—

<i>Range of values</i>	<i>Valuation band</i>
Values not exceeding £40,000	A
Values exceeding £40,000 but not exceeding £52,000	B
Values exceeding £52,000 but not exceeding £68,000	C
Values exceeding £68,000 but not exceeding £88,000	D
Values exceeding £88,000 but not exceeding £120,000	E
Values exceeding £120,000 but not exceeding £160,000	F
Values exceeding £160,000 but not exceeding £320,000	G
Values exceeding £320,000	H

- (3) The valuation bands for dwellings in Wales are set out in the following Table—

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<i>Range of values</i>	<i>Valuation band</i>
Values not exceeding £30,000	A
Values exceeding £30,000 but not exceeding £39,000	B
Values exceeding £39,000 but not exceeding £51,000	C
Values exceeding £51,000 but not exceeding £66,000	D
Values exceeding £66,000 but not exceeding £90,000	E
Values exceeding £90,000 but not exceeding £120,000	F
Values exceeding £120,000 but not exceeding £240,000	G
Values exceeding £240,000	H

- (4) The Secretary of State may by order, as regards financial years beginning on or after such date as is specified in the order—
- substitute another proportion for that which is for the time being effective for the purposes of subsection (1) above;
 - substitute other valuation bands for those which are for the time being effective for the purposes of subsection (2) or (3) above.
- (5) No order under subsection (4) above shall be made unless a draft of the order has been laid before and approved by resolution of the House of Commons.
- (6) Any reference in this Part to dwellings listed in a particular valuation band shall be construed as a reference to dwellings to which that valuation band is shown as applicable in the billing authority's valuation list.

Liability to tax

6 Persons liable to pay council tax

- (1) The person who is liable to pay council tax in respect of any chargeable dwelling and any day is the person who falls within the first paragraph of subsection (2) below to apply, taking paragraph (a) of that subsection first, paragraph (b) next, and so on.
- (2) A person falls within this subsection in relation to any chargeable dwelling and any day if, on that day—
- he is a resident of the dwelling and has a freehold interest in the whole or any part of it;
 - he is such a resident and has a leasehold interest in the whole or any part of the dwelling which is not inferior to another such interest held by another such resident;
 - he is both such a resident and a statutory or secure tenant of the whole or any part of the dwelling;

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- (d) he is such a resident and has a contractual licence to occupy the whole or any part of the dwelling;
 - (e) he is such a resident; or
 - (f) he is the owner of the dwelling.
- (3) Where, in relation to any chargeable dwelling and any day, two or more persons fall within the first paragraph of subsection (2) above to apply, they shall each be jointly and severally liable to pay the council tax in respect of the dwelling and that day.
- (4) Subsection (3) above shall not apply as respects any day on which one or more of the persons there mentioned fall to be disregarded for the purposes of discount by virtue of paragraph 2 of Schedule 1 to this Act (the severely mentally impaired) and one or more of them do not; and liability to pay the council tax in respect of the dwelling and that day shall be determined as follows—
- (a) if only one of those persons does not fall to be so disregarded, he shall be solely liable;
 - (b) if two or more of those persons do not fall to be so disregarded, they shall each be jointly and severally liable.
- (5) In this Part, unless the context otherwise requires—
- “owner”, in relation to any dwelling, means the person as regards whom the following conditions are fulfilled—
 - (a) he has a material interest in the whole or any part of the dwelling; and
 - (b) at least part of the dwelling or, as the case may be, of the part concerned is not subject to a material interest inferior to his interest;
 - “resident”, in relation to any dwelling, means an individual who has attained the age of 18 years and has his sole or main residence in the dwelling.
- (6) In this section—
- “material interest” means a freehold interest or a leasehold interest which was granted for a term of six months or more;
 - “secure tenant” means a tenant under a secure tenancy within the meaning of Part IV of the Housing Act 1985;
 - “statutory tenant” means a statutory tenant within the meaning of the Rent Act 1977 or the Rent (Agriculture) Act 1976.

7 Liability in respect of caravans and boats

- (1) Subsections (2) to (4) below shall have effect in substitution for section 6 above in relation to any chargeable dwelling which consists of a pitch occupied by a caravan, or a mooring occupied by a boat.
- (2) Where on any day the owner of the caravan or boat is not, but some other person is, a resident of the dwelling, that other person shall be liable to pay the council tax in respect of the dwelling and that day.
- (3) Where on any day subsection (2) above does not apply, the owner of the caravan or boat shall be liable to pay the council tax in respect of the dwelling and that day.
- (4) Where on any day two or more persons fall within subsection (2) or (3) above, they shall each be jointly and severally liable to pay the council tax in respect of the dwelling and that day.

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- (5) Subsection (4) of section 6 above shall apply for the purposes of subsection (4) above as it applies for the purposes of subsection (3) of that section.
- (6) In this section “caravan” shall be construed in accordance with Part I of the Caravan Sites and Control of Development Act 1960.
- (7) Any reference in this section to the owner of a caravan or boat shall be construed—
 - (a) in relation to a caravan or boat which is subject to an agreement for hire-purchase or conditional sale, as a reference to the person in possession under the agreement;
 - (b) in relation to a caravan or boat which is subject to a bill of sale or mortgage, as a reference to the person entitled to the property in it apart from the bill or mortgage.

8 Liability in prescribed cases

- (1) Subsections (3) and (4) below shall have effect in substitution for section 6 or (as the case may be) section 7 above in relation to any chargeable dwelling of a class prescribed for the purposes of this subsection.
- (2) Subsections (3) and (4) below shall have effect in substitution for section 6 or (as the case may be) section 7 above in relation to any chargeable dwelling of a class prescribed for the purposes of this subsection, if the billing authority so determines in relation to all dwellings of that class which are situated in its area.
- (3) Where on any day this subsection has effect in relation to a dwelling, the owner of the dwelling shall be liable to pay the council tax in respect of the dwelling and that day.
- (4) Where on any day two or more persons fall within subsection (3) above, they shall each be jointly and severally liable to pay the council tax in respect of the dwelling and that day.
- (5) Subsection (4) of section 6 above shall apply for the purposes of subsection (4) above as it applies for the purposes of subsection (3) of that section.
- (6) Regulations prescribing a class of chargeable dwellings for the purposes of subsection (1) or (2) above may provide that, in relation to any dwelling of that class, subsection (3) above shall have effect as if for the reference to the owner of the dwelling there were substituted a reference to the person falling within such description as may be prescribed.
- (7) Subsections (3) and (4) of section 4 above shall apply for the purposes of subsections (1) and (2) above as they apply for the purposes of subsection (2) of that section.

9 Liability of spouses

- (1) Where—
 - (a) a person who is liable to pay council tax in respect of any chargeable dwelling of which he is a resident and any day is married to another person; and
 - (b) that other person is also a resident of the dwelling on that day but would not, apart from this section, be so liable,
 those persons shall each be jointly and severally liable to pay the council tax in respect of the dwelling and that day.

- (2) Subsection (1) above shall not apply as respects any day on which the other person there mentioned falls to be disregarded for the purposes of discount by virtue of paragraph 2 of Schedule 1 to this Act (the severely mentally impaired).
- (3) For the purposes of this section two persons are married to each other if they are a man and a woman—
 - (a) who are married to each other; or
 - (b) who are not married to each other but are living together as husband and wife.

Amounts of tax payable

10 Basic amounts payable

- (1) Subject to sections 11 to 13 below, a person who is liable to pay council tax in respect of any chargeable dwelling and any day shall, as respects the dwelling and the day, pay to the billing authority for the area in which the dwelling is situated an amount calculated in accordance with the formula—

$$\frac{A}{D}$$

where—

A is the amount which, for the financial year in which the day falls and for dwellings in the valuation band listed for the dwelling, has been set by the authority for its area or (as the case may be) the part of its area in which the dwelling is situated;

D is the number of days in the financial year.

- (2) For the purposes of this Part the Secretary of State may make regulations containing rules for ascertaining in what part of a billing authority's area a dwelling is situated (whether situated in the area in fact or by virtue of regulations made under section 1(3) above).

11 Discounts

- (1) The amount of council tax payable in respect of any chargeable dwelling and any day shall be subject to a discount equal to the appropriate percentage of that amount if on that day—
 - (a) there is only one resident of the dwelling and he does not fall to be disregarded for the purposes of discount; or
 - (b) there are two or more residents of the dwelling and each of them except one falls to be disregarded for those purposes.
- (2) Subject to section 12 below, the amount of council tax payable in respect of any chargeable dwelling and any day shall be subject to a discount equal to twice the appropriate percentage of that amount if on that day—
 - (a) there is no resident of the dwelling; or
 - (b) there are one or more residents of the dwelling and each of them falls to be disregarded for the purposes of discount.

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- (3) In this section and section 12 below “the appropriate percentage” means 25 per cent. or, if the Secretary of State by order so provides in relation to the financial year in which the day falls, such other percentage as is specified in the order.
- (4) No order under subsection (3) above shall be made unless a draft of the order has been laid before and approved by resolution of the House of Commons.
- (5) Schedule 1 to this Act shall have effect for determining who shall be disregarded for the purposes of discount.

12 Discounts: special provision for Wales

- (1) Where any class of dwellings in Wales is prescribed for the purposes of this section for any financial year, a Welsh billing authority may determine that for the year subsection (2) or (3) below shall have effect in substitution for section 11(2)(a) above in relation to all dwellings of that class which are situated in its area.
- (2) Where this subsection has effect for any year in relation to any class of dwellings, the amount of council tax payable in respect of—
 - (a) any chargeable dwelling of that class; and
 - (b) any day in the year on which there is no resident of the dwelling,
 shall be subject to a discount equal to the appropriate percentage of that amount.
- (3) Where this subsection has effect for any year in relation to any class of dwellings, the amount of council tax payable in respect of—
 - (a) any chargeable dwelling of that class; and
 - (b) any day in the year on which there is no resident of the dwelling,
 shall not be subject to a discount.
- (4) A determination under subsection (1) above for a financial year may be varied or revoked at any time before the year begins.
- (5) Subsections (3) and (4) of section 4 above shall apply for the purposes of subsection (1) above as they apply for the purposes of subsection (2) of that section.
- (6) A billing authority which has made a determination under subsection (1) above shall, before the end of the period of 21 days beginning with the day of doing so, publish a notice of the determination in at least one newspaper circulating in the authority’s area.
- (7) Failure to comply with subsection (6) above does not make the making of the determination invalid.

13 Reduced amounts

- (1) The Secretary of State may make regulations as regards any case where—
 - (a) a person is liable to pay an amount to a billing authority in respect of council tax for any financial year which is prescribed; and
 - (b) prescribed conditions are fulfilled.
- (2) The regulations may provide that the amount he is liable to pay shall be an amount which—
 - (a) is less than the amount it would be apart from the regulations; and
 - (b) is determined in accordance with prescribed rules.

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- (3) This section applies whether the amount mentioned in subsection (1) above is determined under section 10 above or under that section read with section 11 or 12 above.
- (4) The conditions mentioned in subsection (1) above may be prescribed by reference to such factors as the Secretary of State thinks fit; and in particular such factors may include the making of an application by the person concerned and all or any of—
 - (a) the factors mentioned in subsection (5) below; or
 - (b) the factors mentioned in subsection (6) below.
- (5) The factors referred to in subsection (4)(a) above are—
 - (a) community charges for a period before 1st April 1993;
 - (b) the circumstances of, or other matters relating to, the person concerned;
 - (c) an amount relating to the authority concerned and specified, or to be specified, for the purposes of the regulations in a report laid, or to be laid, before the House of Commons;
 - (d) such other amounts as may be prescribed or arrived at in a prescribed manner.
- (6) The factors referred to in subsection (4)(b) above are—
 - (a) a disabled person having his sole or main residence in the dwelling concerned;
 - (b) the circumstances of, or other matters relating to, that person;
 - (c) the physical characteristics of, or other matters relating to, that dwelling.
- (7) The rules mentioned in subsection (2) above may be prescribed by reference to such factors as the Secretary of State thinks fit; and in particular such factors may include all or any of the factors mentioned in subsection (5) or subsection (6)(b) or (c) above.
- (8) Without prejudice to the generality of section 113(2) below, regulations under this section may include—
 - (a) provision requiring the Secretary of State to specify in a report, for the purposes of the regulations, an amount in relation to each billing authority;
 - (b) provision requiring him to lay the report before the House of Commons;
 - (c) provision for the review of any prescribed decision of a billing authority relating to the application or operation of the regulations;
 - (d) provision that no appeal may be made to a valuation tribunal in respect of such a decision, notwithstanding section 16(1) below.
- (9) To the extent that he would not have power to do so apart from this subsection, the Secretary of State may—
 - (a) include in regulations under this section such amendments of any social security instrument as he thinks expedient in consequence of the regulations under this section;
 - (b) include in any social security instrument such provision as he thinks expedient in consequence of regulations under this section.
- (10) In subsection (9) above “social security instrument” means an order or regulations made, or falling to be made, by the Secretary of State under the Social Security Acts, that is to say, the Social Security Contributions and Benefits Act 1992 and the Social Security Administration Act 1992.

*Administration and appeals***14 Administration, penalties and enforcement**

- (1) Schedule 2 to this Act (which contains provisions about administration, including collection) shall have effect.
- (2) Schedule 3 to this Act (which contains provisions about civil penalties) shall have effect.
- (3) Schedule 4 to this Act (which contains provisions about the recovery of sums due, including sums due as penalties) shall have effect.

15 Valuation tribunals

- (1) Valuation and community charge tribunals established under Schedule 11 to the 1988 Act shall be known as valuation tribunals.
- (2) Such tribunals shall exercise, in addition to the jurisdiction conferred on them by or under the 1988 Act, the jurisdiction conferred on them by—
 - (a) section 16 below;
 - (b) regulations made under section 24 below; and
 - (c) paragraph 3 of Schedule 3 to this Act.

16 Appeals: general

- (1) A person may appeal to a valuation tribunal if he is aggrieved by—
 - (a) any decision of a billing authority that a dwelling is a chargeable dwelling, or that he is liable to pay council tax in respect of such a dwelling; or
 - (b) any calculation made by such an authority of an amount which he is liable to pay to the authority in respect of council tax.
- (2) In subsection (1) above the reference to any calculation of an amount includes a reference to any estimate of the amount.
- (3) Subsection (1) above shall not apply where the grounds on which the person concerned is aggrieved fall within such category or categories as may be prescribed.
- (4) No appeal may be made under subsection (1) above unless—
 - (a) the aggrieved person serves a written notice under this subsection; and
 - (b) one of the conditions mentioned in subsection (7) below is fulfilled.
- (5) A notice under subsection (4) above must be served on the billing authority concerned.
- (6) A notice under subsection (4) above must state the matter by which and the grounds on which the person is aggrieved.
- (7) The conditions are that—
 - (a) the aggrieved person is notified in writing, by the authority on which he served the notice, that the authority believes the grievance is not well founded, but the person is still aggrieved;
 - (b) the aggrieved person is notified in writing, by the authority on which he served the notice, that steps have been taken to deal with the grievance, but the person is still aggrieved;

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- (c) the period of two months, beginning with the date of service of the aggrieved person's notice, has ended without his being notified under paragraph (a) or (b) above.
- (8) Where a notice under subsection (4) above is served on an authority, the authority shall—
- (a) consider the matter to which the notice relates;
 - (b) include in any notification under subsection (7)(a) above the reasons for the belief concerned;
 - (c) include in any notification under subsection (7)(b) above a statement of the steps taken.

Miscellaneous

17 Completion of new dwellings

- (1) Subject to the provisions of this section, Schedule 4A to the 1988 Act (which makes provision with respect to the determination of a day as the completion day in relation to a new building) shall, with the exception of paragraph 6, apply for the purposes of this Part as it applies for the purposes of Part III of that Act.
- (2) Any reference in this section to the Schedule is a reference to Schedule 4A to the 1988 Act as it applies for the purposes of this Part.
- (3) Where—
- (a) a completion notice is served under the Schedule; and
 - (b) the building to which the notice relates is not completed on or before the relevant day,
- any dwelling in which the building or any part of it will be comprised shall be deemed for the purposes of this Part to have come into existence on that day.
- (4) For the purposes of subsection (3) above the relevant day in relation to a completion notice is—
- (a) where an appeal against the notice is brought under paragraph 4 of the Schedule, the day stated in the notice; and
 - (b) where no appeal against the notice is brought under that paragraph, the day determined under the Schedule as the completion day in relation to the building to which the notice relates.
- (5) Where—
- (a) a day is determined under the Schedule as the completion day in relation to a new building; and
 - (b) the building is one produced by the structural alteration of a building which is comprised in one or more existing dwellings,
- the existing dwelling or dwellings shall be deemed for the purposes of this Part to have ceased to exist on that day.
- (6) Any reference in this section or the Schedule to a new building includes a reference to a building produced by the structural alteration of an existing building where—
- (a) the existing building or any part of it is comprised in a dwelling which, by virtue of the alteration, becomes, or becomes part of, a different dwelling or different dwellings; or

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(b) neither the existing building nor any part of it is, except by virtue of the alteration, comprised in any dwelling.

(7) Any reference in this section to a building includes a reference to a part of a building; and any reference in the Schedule to the valuation officer shall be construed as a reference to the listing officer.

18 Death of persons liable

(1) The Secretary of State may make such regulations as he thinks fit to deal with any case where a person dies and at any time before his death—

- (a) he was (or is alleged to have been) liable to pay council tax under section 6, 7 or 8 above;
- (b) he was (or is alleged to have been) so liable, as spouse, under section 9 above; or
- (c) a penalty was imposed on him under paragraph 1 of Schedule 3 to this Act.

(2) Nothing in the following provisions of this section shall prejudice the generality of subsection (1) above.

(3) The regulations may provide that where before his death a sum has become payable by the deceased but has not been paid his executor or administrator shall be liable to pay the sum and may deduct out of the assets and effects of the deceased any payments made (or to be made).

(4) The regulations may provide that where before his death a sum in excess of his liability has been paid (whether the excess arises because of his death or otherwise) and has not been repaid or credited his executor or administrator shall be entitled to the sum.

(5) The regulations may provide for the recovery of any sum which is payable under the regulations and is not paid.

(6) The regulations may provide that proceedings (whether by way of appeal or otherwise) may be instituted, continued or withdrawn by the deceased's executor or administrator.

19 Exclusion of Crown exemption in certain cases

(1) Subsection (2) below applies in the case of a dwelling provided and maintained by an authority mentioned in subsection (3) below for purposes connected with the administration of justice, police purposes or other Crown purposes.

(2) Any rules as to Crown exemption which would have applied apart from this subsection shall not prevent—

- (a) the dwelling being a chargeable dwelling; or
- (b) any person being liable to pay council tax in respect of the dwelling.

(3) The authorities are—

- (a) a billing authority other than the Council of the Isles of Scilly;
- (b) a county council;
- (c) a metropolitan county police authority;
- (d) the Northumbria Police Authority;
- (e) the Receiver for the Metropolitan Police District; and
- (f) a combined police authority as defined in section 144 of the 1988 Act.

- (4) The Secretary of State may by order provide that subsection (2) above shall also apply in relation to any dwelling of a class prescribed by the order.
- (5) Subsections (3) and (4) of section 4 above shall apply for the purposes of subsection (4) above as they apply for the purposes of subsection (2) of that section.