

LOCAL GOVERNMENT ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 6: Council Tax

Sections 75 and 76: Discounts and exemptions

Section 75: Discounts - special provisions for England and Wales

142. Section 11 of the LGFA 1992 provides for nationally set council tax discounts. Currently under section 11(1) there is a discount of 25% where there is only one resident, or all but one of the residents fall to be disregarded for council tax purposes, and under section 11(2) there is a discount of 50% where there is no resident or all residents fall to be disregarded. Billing authorities in Wales already have power under section 12 of the LGFA 1992 to reduce from 50% to 25% or, to remove, the discounts which would otherwise apply under section 11. English authorities have no such power at present.
143. Subsection (1) of section 75 inserts a new section 11A into the LGFA 1992 which enables the Secretary of State to prescribe by regulations classes of dwellings in England where a billing authority may change the level of council tax discount. Under subsection (3), the Secretary of State may prescribe a class of dwellings where the billing authority may reduce but not remove the discount, and the regulations may not allow for the discount to be less than 10%. It is proposed to make regulations under this subsection to define a class of second homes which are not owned by persons required to live in tied accommodation elsewhere because of their work. Under subsection (4), the Secretary of State may prescribe a class of dwellings where the billing authority may reduce or remove completely the discount. It is proposed to make regulations under this subsection to define a class of long term empty homes (which are not exempt dwellings). In either case, the billing authority may determine to change the discount in all or part of its area. Subsection (5) requires the authority to make such a determination before the start of the financial year, and subsection (6) requires such determinations to be published in newspapers circulating locally.
144. Subsection (2) of section 75 replaces the existing section 12 of the LGFA 1992 with a new version, giving the National Assembly for Wales (“the NAW”) and Welsh billing authorities equivalent powers to those conferred by subsection (1) on the Secretary of State and English billing authorities. Subject to the exercise of these powers by the NAW, Welsh billing authorities will be able to do so for only part of their areas.
145. Subsections (3), (4) and (5) of section 75 are transitional provisions. They preserve in force the effect of existing regulations prescribing classes of dwellings for which Welsh billing authorities can reduce the 50% discount to 25% or zero, and preserve the effect of any existing determinations to reduce discounts made by Welsh authorities. While section 75 will give Welsh authorities greater flexibility, these transitional provisions ensure that Welsh authorities are not forced to take new decisions if they would not have decided differently under the new powers.