

■ CHAPTER FOUR

Property Taxes for Local Government Revenues

Because current property taxes are relevant to our examination of LVT, this chapter, by Frances Plimmer, summarises the history and present application of the British rating system.

Introduction

Since 1990 Britain (England, Scotland and Wales) has had two parallel taxation systems that apply to landed property. Rates are imposed on nondomestic property; they are fixed annually by the central government, but cannot be increased above the annual rate of inflation. Rates are, however, levied, collected and spent by local authorities and therefore represent an assigned revenue. The tax is based on the net annual value of landed property and is determined as at an antecedent valuation date, currently 1 April 1998. Quinquennial revaluations are implemented and tax increases on revaluation are phased in, in accordance with a self-financing system of transitional relief.

In 1993 the community charge, or poll tax, on domestic property was replaced by a hybrid system of taxation, the council tax. Half of the tax applies to a “personal element,” which assumes that two or more taxable adults are in residence; there is a reduction of 50 percent of the personal element if only one taxable adult is in occupation. If the dwelling is vacant, all of the personal element is exempt and only half of the normal tax bill is paid. The other half of the tax, the “property element,” relates to the value of the property; all dwellings are allocated to one of eight value bands according to their open-market capital value as of 1 April 1991. However, to summarise the relative fiscal position: the level of council tax (on domestic property) is fixed by local authorities, but the central government retains overall control with the power to cap excessive tax-raising.

Northern Ireland retains a rates system, which is applied to the net annual value as of 2001 for nondomestic property (the Valuation List took effect in 2003 [VLA 2004]) and 1974 for domestic property. The rate is fixed, levied, collected

and spent by local authorities, based on their spending programs for the forthcoming fiscal year. There are proposals to reband council tax in Wales and England, but in Northern Ireland it seems likely that a revaluation of the domestic tax base will take effect in 2006. However, in England and Wales local domestic taxation has become the subject of debate, responding to selective public pressure to reduce the level of the council tax. Dwellings have not been rebanded since the (1993) introduction of the council tax, although Wales will introduce an updated system, based on nine value bands and a valuation date of 1 April 2003 (Essex 2003), and England will introduce an updated system by 2007, although no value bands have officially been announced.

History of the Tax System

A nationwide system of property taxation was introduced in the U.K. in 1601¹ to raise revenue for welfare facilities in each parish. Over the centuries, this property tax, known as rates, evolved into an established and comprehensive system of raising income for local authority expenditure and was fixed annually by each local authority depending on its spending programme, and, after 1950, with central government (in the form of the Valuation Office Agency) providing the taxable values. Major reforms in 1990 split the system of property taxation into nondomestic and domestic property. Rates were levied only on nondomestic property—a tax whose level is determined by central government—while local authorities possess the power to levy a council tax on domestic property, although central government retains a large measure of control over the level of council tax imposed. These systems have been in operation since 1993.

The U.K. is comprised of four jurisdictions: England, Wales (which, until devolution, had the same legal and procedural systems as England), Northern Ireland (where nondomestic rating has followed a different route) and Scotland (where, because of its different legal system and devolution powers, there are variations in the process of taxing property). We assume that the system in England is similar to that of the other jurisdictions, although specific reference is also made where variations are significant in Northern Ireland, Scotland or Wales.

1. The Poor Relief Act of 1601, commonly known as the Statute of Elizabeth, is generally regarded as the foundation of the present rating system, by which the "overseers" (the predecessors of the "local authority") were empowered:

...to raise weekly or otherwise by taxation of every inhabitant parson vicar or other, and of every occupier of lands, houses, tithes impropriate or appropriation of tithes, coal mines or saleable underwoods in the said parish, in such competent sums of money as they shall think fit . . . for and towards the necessary relief of the lame, impotent, old, blind, and such others among them, being poor and not able to work, and also for the putting out of such children to be apprentices. (43 Eliz. 1, c. 2)

Although the statute imposed rating on inhabitants in respect to their real and personal estates (Sir Anthony Earby's Case 1633), in time it became the practice to disregard personal property, owing to the difficulty of ascertaining its value. Eventually the Poor Rate Exemption Act of 1840 legalised this practice, by exempting personal property and stock-in-trade from rating (Bailey et al. 1967, 2).

Property taxes are levied under the provisions of the Local Government Finance Act, 1988 (the 1988 act), which came into effect in 1990. This statute has been subsequently amended and is supplemented by several hundred statutory instruments. However, many of the principles previously established continue to apply. Thus, the legislative framework that regulates the imposition of the British property taxation system consists of statute, statutory instruments and case law. The tax levied on nondomestic property (and domestic property in Northern Ireland) is still called rates (although it was renamed the Uniform Business Rate [UBR] or National Non-Domestic Rate [NNDR] in 1990), and the tax levied on domestic property (in England, Scotland and Wales) is called council tax. Rates and council tax do not share the same legal or conceptual roots (although there are some similarities), so each is discussed separately here. However, the 1988 act ensures that, subject to specific exemption, all taxable land and buildings are subject to either rates or council tax.

Administration of Property Tax

Since its introduction in 1601, the responsibility for administering the U.K.'s property tax has shifted from the parish to local authorities or municipalities (a collection of parishes). Local authorities, therefore, are both the geographical units over which the tax is levied and also the administrative units, responsible for levying, collecting and spending the revenue. In the case of rates, the tax is fixed by the central government, but local authorities determine the level of council tax imposed on their taxpayers. Since the entire U.K. is subdivided into parishes or communities, every part of the U.K. is liable to property taxation unless exempt. In the context of levying local property taxes, local authorities are called billing authorities.

Property values for both rates and council tax are assessed by the Valuation Office Agency (VOA) (in Northern Ireland, it is called the Valuation and Land Agency [VLA], and in Scotland, the Assessors), which is an independent organisation of civil servants responsible to the central government. Valuation officers from the VOA are responsible for producing rating lists, which contain rateable (or taxable) values on which local billing authorities levy rates on nondomestic properties. These agency officers are renamed for the purposes of council tax as Listing Officers and are required to compile valuation lists containing the banded values on which the local authorities levy council tax, which is imposed in England, Scotland and Wales. Northern Ireland retains rates as a tax fixed by local authorities and imposed on both domestic and nondomestic properties.

Thus, for rates, there is an administrative split between fixing the level of rates (by the central government) and levying, collecting and spending the revenues (by the local government), but no such split exists for council tax (although the VOA fixes the taxable values for both rates and council tax). Local authorities in

the U.K. have statutory responsibility for certain functions, and local authority expenditure covers education, housing, transportation, social services, police, fire and additional environmental services, such as parks maintenance and garbage collection. In order to perform these functions, the local authorities obtain their finance largely from central government grants, although in 1998–1999, 22 percent was raised from nondomestic rates (the UBR), 22 percent from council tax and 11 percent from sales, fees and charges (DETR 2000c).

Rates and council tax together represent 44 percent of local authorities' income in England. However, local authorities have direct control only over the level of council tax, subject to the central government's power to cap the level imposed if they consider it excessive. Therefore, the significance of property taxes as a source of income independent of central government control (and its implications for local democracy) is relatively limited in England, Scotland and Wales.

Rates

Rates are a tax levied on nondomestic property and the level of rate is fixed by the central government in England, Scotland and Wales. They are levied, collected and spent by local authorities. The annual rate may increase by no more than the annual level of inflation (thereby ensuring a degree of certainty over the rates bill for commercial ratepayers).

In Northern Ireland, rates retain their origins as a tax that is fixed, levied, collected and spent by local authorities, and which is applied to both domestic and nondomestic property. There is a separate rate for England, Scotland and Wales, and this rate is multiplied by the taxable (rateable) value for each nondomestic property to produce the amount of rates paid. Thus, the rate (UBR) multiplied by rateable value (RV) equals rates paid.

Rates are assessed on an annual basis, but are normally demanded and payable half-yearly in advance. Under the 1988 act, rates are a daily charge.

Taxpayer

The occupier, and not the property, is legally liable for rates (i.e., the occupier is rateable in respect of the property occupied). The nature of an occupier's liability has evolved since 1601 and has been established by case law. However, where there is no occupier, an owner may become liable to pay rates. Such an owner is required to pay half the occupied level of rates for empty properties, subject to specific exemptions.

For the purposes of establishing liability to occupied rates, there must be evidence of actual property use (actual possession); exclusion of everyone else from using the property in the same way (exclusive occupation); the property must be capable of commanding a rent (beneficial occupation); and there must be a sufficient degree of permanence (see *John Laing & Son Ltd. v Kingswood*

Assessment Committee). Thus, a vacant site or derelict building will not be liable to rates until it can be used for a valuable purpose and therefore capable of commanding a rent.

Certain taxpayers are exempt from paying rates including: those who occupy agricultural land and buildings; diplomats and those with diplomatic immunity; registered charities, who enjoy a combination of mandatory and discretionary rate relief; and other nonprofit organisations, who can apply for discretionary rate relief. Ratepayers who suffer financial hardship can also apply to the billing authority for rate relief.

Taxable Property

Legislation (s. 64 [4] 1988 Act) states that all land and buildings are rateable, unless specifically exempt. Advertising and mineral rights are also specifically mentioned as rateable property, although they are not referred to further in this text. The unit of property to be rated is called the *hereditament* (see Plimmer 1998, 37–43, for a detailed definition of hereditament) and is comprised of the land, buildings and rateable chattels.

Chattels, defined as tangible movable assets, are not normally rateable. But if they are enjoyed with land and enhance its value, they may become rateable with the land. This applies to caravans and moveable buildings such as workers quarters on a building site (see, for example, *Field Place Caravan Park Ltd. v Harding [VO]*). Items of plant and machinery are not rateable unless listed in legislation (Valuation for Rating [Plant and Machinery] Regulations, 1994). Thus, items of machinery used for providing power, heating, lighting, cooling or ventilation for a building are listed and therefore rateable as part of the land and buildings in which they are located.

A hereditament that comprises both nondomestic and domestic property, such as a shop with living accommodations, is called a composite hereditament. The occupier must pay rates on the nondomestic part and pay council tax in respect to the domestic portion of the property.

Rateable Value

Rateable value is the value ascribed to a hereditament on which rates are paid and calculated as follows: rate (UBR) multiplied by rateable value (RV) equals rates paid. Rateable value is a net annual value, specifically defined as equivalent to:

- the rent at which it is estimated the hereditament might reasonably be expected to let from year to year [assuming]
- (a) ... the tenancy begins on [the] day by ... which the determination is to be made;

- (b) . . . the hereditament is in a state of reasonable repair, but excluding . . . any repairs which a reasonable landlord would consider uneconomic;
- (c) the tenant undertakes to pay all usual tenant's rates and taxes and to bear the cost of the repairs and insurance and the other expenses (if any) necessary to maintain the hereditament in a state to command the rent. (Sch. 6 para. [2] [1]1988 Act)

The statutory definition assumes that a hypothetical tenancy exists, with a hypothetical landlord offering the hereditament for rent and a hypothetical tenant agreeing to pay the rent and undertake all repairs and other outgoings. Thus, the existence of a real tenancy or the fact that a hereditament is owner-occupied is ignored in fixing the rateable value.

The interpretation of the conditions imposed by the hypothetical tenancy, the nature of the hypothetical tenant and therefore the circumstances under which such a tenant would offer to rent the hereditament are the result of case law (see, for example, *R v Paddington [VO] ex parte Peachey Property Corporation Ltd.*; see also Plimmer 1998, 59–70). For example, when assessing the rateable value of a hereditament, it is assumed that the property is vacant and for rent; it is valued *rebus sic stantibus* (as is), provided that no changes are made in the mode of use or in the physical structure (with the exception of the state of repair, because rateable value assumes that the hypothetical landlord will put the property into good repair at the start of the tenancy and that the hypothetical tenant will observe the repairing covenant). Rates, therefore, tax the value of the property in its existing use and ignore any other potential use until it occurs.

Antecedent Valuation Date

Since 1990 all nondomestic hereditaments in England, Scotland and Wales are subject to quinquennial revaluations; the latest revaluation in England and Wales, which took effect on 1 April 2000, has an antecedent valuation date of 1 April 1998. Thus, the VOA revalued all nondomestic hereditaments in their physical state as of 1 April 2000, but at the level of value (or tone of the list) that existed on the antecedent valuation date of 1 April 1998. The use of such an antecedent valuation date permits the VOA to gather market evidence around that date, analyse it, establish an appropriate level of values, undertake the process of valuing all hereditaments, and pass the resulting rateable values to the billing authorities so that they can issue the rates demands by 1 April 2000. Thus, a greater degree of valuation accuracy is achieved and fewer appeals result.

It follows that all properties to be taxed between 1 April 2000 and 1 April 2005 (when the next revaluation takes effect) must be valued as at the antecedent valuation date of 1 April 1998. (Unlike the rest of the U.K., Northern Ireland has a nondomestic tax base that took effect in 2003 with a valuation date of 1974.)

Methods of Valuation

There is no legal requirement to use any particular method of valuation for rating purposes, although certain specified operational hereditaments, normally occupied by providers of utilities such as gas, electricity and water, are valued using a statutory formula.

Since it is necessary to establish a rateable value (i.e., a net annual value) for each hereditament, open-market rents, fixed at or near the valuation date, are considered to be the best method of valuation. The VOA has statutory power to require owners and occupiers of hereditaments to provide details of rents paid, so that rateable values of hereditaments can be assessed. For certain property types, however, rental evidence is not available and even where such evidence is available, it may provide unsuitable or unreliable information for establishing a rateable value. There is, therefore, widespread use of a profits (expenditure and receipts) method and a cost-based approach (or Contractor's Basis) for fixing rateable values where the use of rental evidence is not appropriate (see, for example, Plimmer 1998, 72–116; and Scarrett 1991).

Regardless of the method of valuation adopted, it is important to establish a rent that a hypothetical tenant would pay for the hereditament as at the valuation date. For any method of valuation, it is necessary to ensure that it conforms to the terms and interpretation of the hypothetical tenancy according to the definition of rateable value and other conditions imposed by the rating law.

In valuing an office hereditament, for example, typically one investigates the open-market rental value (as at the antecedent valuation date) of the hereditament (the land, buildings and rateable plant and machinery) in its current state, based on: the rent paid by the actual occupier (if any); and the rent paid by occupiers of comparable hereditaments in the locality, making appropriate allowances for material differences in both the hereditaments and location.

Rating Lists

All rateable values are contained in local nondomestic rating lists—one list for each billing authority area. Rateable values for utilities such as gas, electricity and water are contained in a central rating list. It is the duty (s. 41 [1] 1988 Act) of the Valuation Officer to compile and then maintain a local nondomestic rating list comprising all relevant nondomestic and composite hereditaments for each local or billing authority.

The contents of the rating lists must comply with certain regulations (s. 42 [2] 1988 Act). Billing authorities hold copies of the local rating lists and demand rates are sent out based on the list entries. When an entry requires amendment, the VOA informs the billing authority, which makes the appropriate change to its copy. The rating lists are conclusive proof of rate liability (ss. 43 [1] and 45 [1] 1988 Act). Hereditaments that are entirely exempt are not valued and are

excluded from the list, although composite hereditaments are included in the list and are identified as composite.

Since 1990 each new revaluation (in 1990, 1995 and 2000) has been accompanied by a self-financing system of transitional relief that allows for the phasing in of both increases and decreases in rate liability. Transitional relief is justified to protect businesses against sudden and dramatic increases in their rates bills. However, the central government requires that such transitional relief be self-funding. Thus, the occupiers of those nondomestic hereditaments whose rateable values have increased by a certain percentage on revaluation have their increased rates phased in over a period of years; while the occupiers of those nondomestic hereditaments whose rateable values have decreased will see their reduced rates phased in at a level that pays for the increases.

Appeals

Appeals for ratepayers are possible against the rate level (UBR) fixed by the central government by way of judicial review, but, more usually, ratepayers challenge the rateable value by proposing an amendment to the rating list. Such a proposal can be made by any interested person (such as an occupier or owner), although the Valuation Officer can alter the list without making a proposal. The procedure for dealing with appeals is complex and contains statutory instruments (Non-Domestic Rating [Alteration of Lists and Appeals] Regulations [as amended]).

Valuation Tribunals, the courts that first hear appeals against valid proposals, are able to determine the correct rateable value and the effective date of any amendment to rating list entries. Appeals to the Valuation Tribunals are relatively inexpensive, quick and easy for ratepayers.²

An appeal against the decision of the Valuation Tribunal is made to the Lands Tribunal and then, on a point of law only, to the Court of Appeal and thereafter to the House of Lords. Any determination of a point of law that affects the valuation is referred back to the Lands Tribunal, which is the highest court for the determination of valuation issues.

Rate Collection and Recovery

Billing authorities collect rates in their area. Rates are sought half-yearly in advance, although they can be paid in ten monthly instalments. If they are not paid in full, the billing authority can apply to the magistrates' court for a liability order, under which goods can be seized from the premises of the defaulting rate-

2. See Valuation and Community Charge Tribunals (Transfer of Jurisdiction) Regulations 1989 (SI 1989 no. 440) and s. 15 of Local Government Finance Act, 1992; and Plimmer 1998, 140–149, for additional details of powers and procedures.

payer and sold to cover the outstanding debt. Other remedies include committal to prison and insolvency. There is an appeal to the High Court by anyone aggrieved against the decision of the magistrates' court.

Council Tax

In 1990, when the Uniform Business Rate was introduced in England and Wales, the previous system of taxation of domestic property was replaced by a flat rate community charge (or poll tax) that was fixed, levied, administered and spent by the local authorities. The community charge (or poll tax) had been initiated in Scotland in the previous year. However, the introduction of this system resulted in civil unrest, and within eight months of its introduction in England and Wales, the British government was devising its replacement (for a critique, see Plimmer 1998, 195–205; Plimmer et al. 2000a and 2000b).

The council tax was introduced in England, Scotland and Wales on 1 April 1993 (in the Local Government Finance Act, 1992) and is, effectively, a hybrid property tax and poll tax; half of the tax assumes that there are two taxable adults residing in the dwelling and the other half relates to the banded value of the property. The tax is fixed, levied, administered, collected and spent by local (billing) authorities but central government retains the power to cap local authority spending, effectively controlling the level of council tax that the municipalities can impose. Although a very new system in principle, the council tax retains many similarities to rates, both in definition and practice. The community charge had been incurred on a daily basis and the 1990 system of rates was introduced to match this liability. Its replacement, the council tax, also involves a daily liability, although in both systems bills are normally paid annually or monthly.

Taxpayer

Liability to pay the council tax belongs primarily to the occupier, although the Local Government Finance Act of 1992 imposes a hierarchy of liability. Those residents with a legal interest in the property are the first called upon to pay; followed by residents with no legal interest in the property; and finally an owner of a dwelling in which there is no resident at all. Thus, as with rates, the council tax is initially an occupier's tax, with an owner being responsible to pay (only the property element) if there is no occupier, although there are certain exemptions from council tax.

Half the normal level of council tax is paid on second homes. However, in November 2002, the government announced that under legislation that will go through Parliament in 2003, councils in England and Wales will be allowed to set their own level of discount for second-home owners, on a sliding scale of 10–50 percent.

Personal Element

Reflecting its community charge origin, the council tax bill assumes that there are two taxable adults residing in a dwelling. A relief of 50 percent of half the bill (25 percent of the entire bill) is given if there is only one taxable adult resident, and a relief of 100 percent of this amount (50 percent of the entire bill) is given if there is no taxable adult residing in the dwelling. However, no additional tax is charged if there are more than two taxable adults living in the dwelling.

This tax relief applied to the personal element reflects the reluctance of the British government in 1991 to abandon entirely the poll tax principles, and is applied regardless of the value of the property or of the financial circumstances of the occupier. Residents who are considered exempt include persons in detention (subject to certain conditions); severely mentally impaired people; and students. A system of benefits has been incorporated into the social security legislation, so that low-income residents are entitled to tax rebates of up to 100 percent.

Property Element

Domestic property, which was specifically excluded from the definition of hereditament for rating purposes, is liable to council tax. For both taxes, the definition of domestic property is the same (s. 66 [1] 1988 Act), that is, "property [that is] used wholly for the purposes of living accommodation," which includes a private garage, private storage premises, mooring and caravan pitch used for private dwellings. The criteria that such a dwelling must also be hereditament is retained (for a definition of hereditament, see Plimmer 1998, 30–43, 176–178).

Certain hereditaments are exempt from council tax, including vacant dwellings that are undergoing structural or other major works to render them habitable; dwellings that have been vacant for less than six months; and unoccupied dwellings where habitation is prohibited (Council Tax [Exempt Dwellings] Order, 1992).

Basis of Valuation

For the purposes of council tax, the value of any dwelling is defined as "the amount which, on the assumptions mentioned . . . below, the dwelling might reasonably be expected to realise if it had been sold in the open market by a willing vendor on the 1st April 1991" (para. 6 [1] of the Council Tax [Situation and Valuation of Dwellings] Regulations, 1992).

Among the assumptions are: the sale was with vacant possession; the size, layout and character of the dwelling and the physical state of the locality were the same as on the date the valuation was made; the dwelling was in reasonable repair; and the dwelling had no development value other than that attributed to the permitted development. Thus, the value on which council tax is levied is the capital

value of the dwelling, as at the antecedent valuation date of 1 April 1991, assuming existing use.

Strictly speaking, however, dwellings are not “valued” for the purposes of council tax. Each dwelling is merely allocated to one of eight value bands, based on the definition of valuation cited above. The value bands vary, with one set applied to England and Scotland, and a different set applied to Wales (see Tables 2 and 3). The value bands were determined by the average property values in each country, and the central government has the power to vary the values within the bands and to substitute other value bands for those currently in force.

In addition to applying bands to properties, the central government controls the level of taxation relative to the different bands. Thus, the tax fixed for the so-called average Band D is half that levied on the highest value Band H properties; and is 50 percent greater than that levied on lowest value Band A properties. The relativities imposed are demonstrated in Table 4.

The numbers represent the relative proportions of the council tax bill that are paid by council tax payers whose properties fall within the different bands. For example, if a particular local authority set a council tax level of £500 for

TABLE 2 Council Tax Bands for England and Scotland

Valuation Band	Range of Values
A	Not exceeding £40,000
B	Exceeding £40,000 but not exceeding £52,000
C	Exceeding £52,000 but not exceeding £68,000
D	Exceeding £68,000 but not exceeding £88,000
E	Exceeding £88,000 but not exceeding £120,000
F	Exceeding £120,000 but not exceeding £160,000
G	Exceeding £160,000 but not exceeding £320,000
H	Exceeding £320,000

TABLE 3 Council Tax Bands for Wales

Valuation Band	Range of Values
A	Not exceeding £30,000
B	Exceeding £30,000 but not exceeding £39,000
C	Exceeding £39,000 but not exceeding £51,000
D	Exceeding £51,000 but not exceeding £66,000
E	Exceeding £66,000 but not exceeding £90,000
F	Exceeding £90,000 but not exceeding £120,000
G	Exceeding £120,000 but not exceeding £240,000
H	Exceeding £240,000

TABLE 4 Relativity of Council Tax Liability

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
6	7	8	9	11	13	15	18

properties in Band D, owners of properties in Band A would pay $(6/9 \times £500) = £333$; those in Band D would pay $(9/9 \times £500) = £500$; and those in Band H would pay $(18/9 \times £500) = £1,000$.

Since they were introduced in 1993, there has been no review of the value bands, nor has there been a revaluation or rebanding of properties. Thus, the council tax is levied on the tax base that was established on 1 April 1993, with a valuation date of 1 April 1991. There is now a proposal to reband in 2005 in Wales (Essex 2003) and in 2007 in England.³

Methods of Valuation

Council tax is based on the capital value of dwellings, as of 1 April 1991. The method of valuation used is, therefore, based on direct comparable market transactions. However, since it is not necessary to make a discrete valuation for each dwelling, but merely to allocate them to an appropriate value band, the level of valuation skill, the speed and cost with which the valuation exercise can be undertaken, and the amount of comparable market evidence required are less than that required to provide a discrete taxable value (as is required for a nondomestic hereditament).

Valuation Lists

All taxable domestic hereditaments in each local billing authority area are entered into a valuation list. The Valuation Officer (renamed the Listing Officer for the purposes of the council tax) is required to compile and maintain a valuation list for each local authority area. The contents of the valuation lists must comply with regulations (Council Tax [Contents of Valuation Lists] Regulations, 1992).

3. The last revaluation of hereditaments (subject to rates) was in 2000, with the next scheduled for 2005, as part of an established quinquennial review pattern. Originally, the British government had no plan to revalue or reband nondomestic property (the banding system was considered to obviate the need for such a review), but in 2001 the U.K. government proposed a 10-year revaluation cycle for the council tax, with new valuation lists for England taking effect in 2007 based on valuations as of 2005 (DLTR 2001, 1). Wales is proposing an eight-year revaluation cycle (Essex 2003). Despite this proposal, such a timetable means that the current lists in England will have lasted for 14 years, based on valuations up to 16 years old, with the probability that the rebanding exercise will result in taxpayer protests. There is a commitment to ensuring that such a rebanding exercise will not lead to any overall change in yield and to "ensure that the council tax burden is distributed fairly on the basis of more up-to-date property values" (DLTR 2001, 1; Essex 2003). There remains, however, the danger that some form of transitional relief will be introduced (as for nondomestic taxpayers after a revaluation) to prevent any relatively large increases in liability. Again, based on the nondomestic experience, such a relief will likely be self-financing, thereby totally removing the effect that a revaluation or rebanding exercise is designed to achieve.

A copy of the list is held by the billing authorities, who send out council tax demands based on the entries.

Appeals

Appeals against council tax liability and against a dwelling's band assignment are made to the Valuation Tribunal (Council Tax [Alteration of Lists and Appeals] Regulations, 1993). Interested persons (an owner or occupier) have only limited rights in proposing any changes to valuation list.

Summary

Viewing the British property tax system within the context of the general taxation system, it seems that there is no major conceptual impediment to introducing LVT as a replacement tax for either the UBR or the council tax (or even as an additional tax); LVT could be reasonably accommodated within the extant general taxation system. In the next chapter, we assess further the possibility of introducing LVT by examining the history of previous attempts at imposing this form of taxation in Britain.