

Council Tax

Discounts, Reliefs, Exemptions and Premiums



Version 1 – December 2019 (draft)

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Introduction

Council Tax is collected as a local contribution to the many services provided in the borough by Fareham Borough Council, Hampshire County Council, Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Service.

Council Tax is charged on domestic properties, which are grouped into valuation bands (A to G), based on domestic property valuations as at 1 April 1991; these bands determine the level of tax charged.

The Fareham Borough Council element of the tax rate for band D properties is set by the Council each February, considering spending needs, local Council Tax priorities and central government thresholds on the level of Council Tax increases that can be made before a local referendum is held. These are then added to the band D rates set by the other 3 precepting authorities. There is a standard formula for the calculation of the other bands relative to Band D.

Some properties or households are eligible for discounts, reliefs or exemption from Council Tax reducing their Council Tax bill. Most of these are MANDATORY and contained in Legislation, other adjustments are DISCRETIONARY and can be set locally by the Council.

In addition, we can also levy a DISCRETIONARY Premium for Long Term Empty Properties, increasing the Council Tax bill.

This document summarises the different Mandatory and Discretionary discounts, reliefs, exemptions and premiums that are available or automatically applied in this borough.

MANDATORY DISCOUNTS, RELIEFS AND EXEMPTIONS

1: Annexes

Value: 50% discount

Where an annexe is lived in by a family member, providing that they are related to the person liable to pay Council Tax for the main dwelling.

A discount also applies for people living in dwellings with annexes which are unoccupied, provided they are using those annexes as part of their main dwelling.

See also 5.13 Unoccupied Annexe and 6.8 Occupied Annexe Exemption

2: Job Related Dwellings

Value: 50% discount

Properties which are classed as second homes and are occupied as job-related dwellings or retained because the Council Tax Payer lives in a property classed as a job-related dwelling.

The discount may be awarded if at least one of the following criteria is met:

The employee needs to live at the property to carry out the duties of their employment and,

- The employment is of the type where it is customary for employers to provide accommodation and the accommodation is required for better performance of the duties of that person's employment.
- The employee is required under the contract to live at that property and they live there for the proper performance of the duties of their employment

3: Single Resident Discount

Value: 25% discount

Where there is only one adult resident and the property is that person's main home.

4: Disregarded Occupiers

When looking at the number of adult residents in a property, we may be able to disregard occupiers in the following categories, which could allow a discount of 25%, 50% or 100%:

4.1 Young People

Under 18s and young people who are still in receipt of Child Benefit.

School leavers aged 18 or 19 and have left school or college between 30 April and 1 November in the year that the bill is due.

4.2 Students

4.2.1 To be considered as a **full-time student**:

- The student must be studying at an educational establishment providing higher or further education
- They must be required to study, receive tuition or undertake work experience for at least 21 hours per week on average
- They must be registered on a course that lasts for at least a calendar year or an academic year of at least 24 weeks.
- Any period of work experience undertaken must not exceed 50% of the whole time spent on your course (unless they are a trainee teacher).

4.2.2 **Students on qualifying courses** are also disregarded if:

- They are under the age of 20
- Spending at least 12 hours a week on the relevant activities of the course
- Attending a course which must be at least 3 months long
- Where tuition must be undertaken between the hours of 8.00am and 5.30pm
- The course must not be a correspondence course
- The course must have no connection to any job that they do.

- 4.2.3 **Foreign language assistants** are treated as students if they are:
- Registered with the Central Bureau for Educational Visits and Exchanges
 - Appointed as an assistant at a school or other educational institution in Great Britain
- 4.2.4 **Student Nurses, Midwives and Health Visitors:** Student nurses, or nurses studying to become a midwife or health visitor will be treated as a full-time student.
- 4.2.5 **Spouses and dependants of students from abroad:** Spouses or a dependant of a student from another country may be treated as a full-time student. The terms of the visa allowing them to live in this country must state that they are not entitled to work or have access to public funds.

4.3 Apprentices and Trainees

- 4.3.1 A resident is an **apprentice**, regardless of age, if:
- They are employed for the purposes of learning a trade or profession;
 - Are working towards a qualification accredited by the Qualification and Curriculum Development Agency;
 - Earn substantially less than the rate of pay a qualified person would receive; and
 - Earn no more than £195 per week.
- 4.3.2 A **youth training trainee** is:
- Aged under 25; and
 - Undergoing training through arrangements made under the Employment Training Act 1973 which is funded by the Secretary of State under section 14 of the Education Act 2002.

4.4 Health Related

- 4.4.1 **Severely Mentally Impaired:** A person has a severe impairment of intelligence and social functioning (however caused) which appears to be permanent and:
- The person obtains a certificate duly signed to that effect by a registered medical practitioner and
 - The person is entitled to a qualifying benefit

4.4.2 **People Providing or Receiving Care:** Some carers may be entitled to a range of different reductions depending on their circumstances.

In all cases, the care that is being given or received must be for:

- Old age
- Physical or mental disability
- Past or present alcohol dependency
- Past or present drug dependency
- Past or present mental illness.

If a carer lives in someone else's house and provides care, he or she will not be counted when adding up the number of adults who live in the property.

4.5 Resident Elsewhere

4.5.1 **People in Detention:** A person is in detention if they are:

- In prison;
- On remand;
- Awaiting deportation
- Held under the Mental Health Act.

It does not include periods where someone is in police custody and is waiting to be remanded in custody by a Court. Neither does it apply to people who are in custody for non-payment of their Council Tax or a fine.

4.5.2 **Hospital Patients:** A person with their sole or main residence in a National Health Hospital (where the hospital is a dwelling/home)

4.5.3 **Patients in Homes:** A person who is resident in a care home or independent hospital and receiving care or treatment.

4.5.4 **Residents of Hostels for the Homeless or Night Shelters:** Anyone who is resident for the time being in accommodation for the homeless is disregarded.

4.6 Special Occupations or Status

4.6.1 **Members of International Headquarters and Defence Organisations** and their dependants.

4.6.2 **Members of religious communities** where the principle occupation is prayer, contemplation, education and the relief of suffering.

4.6.3 **Members of visiting forces** who lease or own a property in which they live. Dependants living with them may also be disregarded if not a British Citizen or permanently resident in the United Kingdom.

4.6.4 **Persons with Diplomatic Immunity or Privilege** conferred by reference to various prescribed Legislation. The person must not be a British subject or citizen.

5: Empty Property (mandatory exemptions)

5.1 Property Owned by a Charity (Class B)

Value: 100% exemption

Duration: 6 months

An unoccupied property previously used for charitable purposes.

5.2 Owner in Detention (Class D)

Value: 100% exemption

Duration: Period of confirmed detention

An unoccupied property where the Council Tax payer is in detention providing they are:

- In prison;
- On remand;
- Awaiting deportation
- Held under the Mental Health Act.

It does not include periods where someone is in police custody and is waiting to be remanded in custody by a court. Neither does it apply to people who are in custody for non-payment of their Council Tax or a fine.

5.3 Owner Living in Care (Class E)

<p>Value: 100% exemption</p> <p>Duration: No Maximum Period</p>

People receiving care outside of the home for one of the following reasons may be entitled to claim an exemption providing that their previous home remains unoccupied:

- Old age
- Physical or mental disability
- Past or present alcohol dependency
- Past or present drug dependency
- Past or present mental illness.

5.4 Owner Deceased (Class F)

<p>Value: 100% exemption</p> <p>Duration: Until Probate & for 6 Months afterwards</p>

The former home of someone who has died is exempt from Council Tax providing they were either the owner or a tenant (where the trustee or administrator of the estate still pays the rent). The property must be unoccupied.

The exemption ceases if:

- The property is sold;
- The property is handed back to a landlord;
- The property is handed over to a beneficiary;
- The property is reoccupied
- 6 months has expired since either probate or letters of administration have been granted.

5.5 Occupation Prohibited by Law (Class G)

<p>Value: 100% exemption</p> <p>Duration: Period of prohibition</p>

An unoccupied property which is subject to a legally recognised "prohibition from occupation" order.

5.6 Dwelling Held for a Minister of Religion (Class H)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

An unoccupied property waiting to be occupied by a Minister of Religion as a residence from which he/she will perform the duties of their office.

5.7 Person Living Elsewhere to Receive Personal Care (Class I)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

An unoccupied property where the previous resident is receiving care outside of their home for one of the following reasons:

- Old age
- Physical or mental disability
- Past or present alcohol dependency
- Past or present drug dependency
- Past or present mental illness

5.8 Person Living Elsewhere to Provide Personal Care (Class J)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

An unoccupied property where the previous resident is providing care outside of their home for one of the following reasons:

- Old age
- Physical or mental disability
- Past or present alcohol dependency
- Past or present drug dependency
- Past or present mental illness

5.9 Dwelling Left Empty by a Student (Class K)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied/Course Ending</p>

Full time students who have left a property they own unoccupied, in order to study, providing:

- It was their main residence immediately before they became a full-time student
- They vacated it less than six weeks before starting their course
- The property has remained vacant since the student left.

5.10 Mortgagee in possession (Class L)

<p>Value: 100% exemption</p> <p>Duration: Period of Repossession</p>
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An unoccupied property repossessed by the mortgagee (usually a mortgage lender, bank or building society).

5.11 Property left empty by Bankrupt Person (Class Q)

<p>Value: 100% exemption</p> <p>Duration: Period held by bankruptcy trustee</p>

An unoccupied property where the previous occupier is bankrupt, the trustee will not have to pay any Council Tax. The property will be exempt even if the person who is bankrupt was jointly liable with someone else who is not bankrupt.

5.12 Unoccupied Caravan Pitch or Boat Mooring (Class R)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

A caravan pitch or boat mooring which is not in use

5.13 Unoccupied Annexe (Class T)

<p>Value: 100% exemption</p> <p>Duration: Period while unoccupied</p>

A property that is a self-contained annexe with its own Council Tax band and owing to planning constraints is unable to be let separately. The exemption applies even if the main property is also unoccupied

See also 1. Occupied Annexe Discount and 6.8 Occupied Annexe Exemption

6: Occupied Property (mandatory exemptions)

6.1 Students Hall of Residence (Class M)

<p>Value: 100% exemption</p> <p>Duration: Period used as such</p>

A hall of residence predominantly occupied by full time students and owned or run by a college, a university or a charitable institution.

6.2 Property Wholly Occupied by Students (Class N)

<p>Value: 100% exemption</p> <p>Duration: Period occupied by students</p>

Properties wholly occupied by a full-time student(s)

6.3 UK Armed Forces Accommodation (Class O)

<p>Value: 100% exemption</p> <p>Duration: Period used as accommodation</p>
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Living accommodation for UK armed forces personnel which is owned by the Ministry of Defence, this includes barracks and other accommodation on military bases, together with married quarters (whether on bases or not).

6.4 Visiting Forces Accommodation (Class P)

<p>Value: 100% exemption</p> <p>Duration: Period used as accommodation</p>
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Where a member of a visiting force leases or owns a property in which they live. Any dependants living with the member of the visiting force must not be a British Citizen or permanently resident in the United Kingdom.

6.5 Property Wholly Occupied by Persons Under 18 Years of Age (Class S)

<p>Value: 100% exemption</p> <p>Duration: Period used/until occupier becomes 18</p>

A property occupied by one or more people who are all aged under 18.

6.6 Property Occupied by Severely Mentally Impaired persons (Class U)

<p>Value: 100% exemption</p> <p>Duration: Period used as accommodation</p>
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Where the occupier has a severe impairment of intelligence and social functioning (however caused) which appears to be permanent and:

- The person obtains a certificate signed to the effect by a registered medical practitioner and
- The person would be entitled to a qualifying benefit

6.7 Property Occupied by a Person with Diplomatic Immunity (Class V)

<p>Value: 100% exemption</p> <p>Duration: Period used as accommodation</p>
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A property occupied by a foreign diplomat who leases or owns the property in which they live. The occupier must not be permanently resident in the United Kingdom and the property concerned must not be their second home.

6.8 Occupied Annexe (Class W)

Value: 100% exemption

Duration: Period used as accommodation

Where an elderly or disabled dependant relative lives in an adjoining property (an annexe). The dependant relative must be:

- 65 years old or more; or
- Severely mentally impaired
- A person who is substantially and permanently disabled.

A relative for this purpose is defined as a:

- Spouse
- Parent
- Child
- Grandparent
- Grandchild
- Brother or sister
- Aunt or uncle
- Nephew or niece
- Great (or great-great) grandparent
- Great (or great-great) grandchild
- Great (or great-great) uncle or a great aunt
- Great (or great-great) nephew or a great niece

See also 1. Occupied Annexe Discount and 5.13 Unoccupied Annexe

7. Disabled Persons Relief

If the Council Tax payer is disabled, or if a disabled person lives with them, they may be able to claim a reduction in their Council Tax bill (the disabled person may be a child).

The reduction will be equivalent to having to pay Council Tax at the next Council Tax Band down from the one designated for the property (e.g. if the house is currently valued in Band D, the reduction will mean that the Council Tax payer will pay Council Tax at the Band C level).

If the property is already in the lowest band (Band A), the reduction is 16.5% off the Council Tax bill.

Disabled Relief applies if one of the following features is required for meeting the needs of the disabled person and is of major importance to their well-being:

- A room other than the main bathroom, kitchen or lavatory which is used predominantly by the disabled person
- A second bathroom or kitchen
- Extra space inside the property to allow for the use of a wheelchair and a wheelchair is used.

DISCRETIONARY DISCOUNTS, EXEMPTIONS AND PREMIUMS

8. Council Tax Support

Since 1 April 2013, all billing authorities have been responsible for developing their own means-tested Council Tax Support schemes, to assist working-age people on low incomes pay their Council Tax. The Government has continued to prescribe in Legislation the support to be provided to pensioner-age claimants.

The support can be applied for if a resident of a property is paying Council Tax and lives on a low income (even if they are in full-time work or self-employed).

The amount or type of help they will receive depends on who else lives at the property, the amount of money they have coming in to the household, and any other benefits and savings they have.

Households who receive help with their Council Tax because they are on low income pay at least 20% towards their Council Tax, unless they are in one of the protected groups such as a war pensioner or severely disabled. Anyone living in a Band D property or above also have their Council Tax Support restricted to 80% of the Council Tax liability for a Band C property.

The Council has agreed and implemented a scheme based on the following principles:

- Every working-age claimant should pay something towards their Council Tax
- The amount of Council Tax Support to be capped to a Band C for those claimants living in larger properties
- All non-dependents (such as adult sons or daughters living in the claimant's property) should pay something towards the household's Council Tax bill
- Provide additional financial support to the most vulnerable claimants (such as those receiving a War Pension or who are severely disabled)

The full details of the Council Tax support scheme are set out in a separate policy document which can be found from paragraph 29 in the [2019 Finance Strategy, Capital Programme, Revenue Budget and Council Tax Report](#)

9. Empty Properties and Second Homes (discretionary discounts)

9.1 Unoccupied and Unfurnished Dwellings (Class C)

<p>Value: 100% discount</p> <p>Duration: 1 month or until next occupied, if sooner</p>
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An unoccupied and substantially unfurnished property will automatically receive a 100% discount for the first month from the date it was last occupied/furniture removed.

9.2 Unoccupied and Unfurnished properties undergoing alterations (Class D)

<p>Value: 50% discount</p> <p>Duration: Maximum period 12 Months or until next occupied</p>

An unoccupied & unfurnished property that requires or is undergoing major works or structural alteration to render it habitable will receive a discount. This discount will apply for either 12 months or 6 months from the date those works are complete, providing the whole period of discount does not exceed a total period of 12 months and the property remains unoccupied and unfurnished throughout the duration.

9.3 Long-Term Empty Premium

Properties which have been unoccupied and unfurnished in excess of two years, are required to pay a premium increase on their Council Tax as follows:

Date unoccupied	Period of non-occupancy	Premium
1 st April 2019 to 31 st March 2020	the property has been empty over 2 years	100%
1 st April 2020 to 31 st March 2021	the property has been empty between 2 to 5 years	100%
1 st April 2020 to 31 st March 2021	the property has been empty over 5 years	200%
From 1 st April 2021	the property has been empty between 2 to 5 years	100%
From 1 st April 2021	the property has been empty between 5 to 10 years	200%
From 1 st April 2021	the property has been empty over 10 years	300%

9.4 Second Homes

Value: 0% discount

Any property which is substantially furnished and is not anyone's sole or main residence, is considered as a second home. The full Council Tax is payable on all second homes.

10. Care Leavers Under 25

Care leavers are among the most vulnerable groups in our society and by Fareham Borough Council considering the Council Tax as irrecoverable in full or in part for a Care leaver, we will be providing practical help and financial assistance to this group of residents whilst they are developing independent lives and their individual life skills. The cost of the policy will be borne by the Collection Fund.

10.1 Definition

A 'care leaver' is defined in The Children (Care Leavers) Act 2000 and refers to "eligible", "relevant" and "former relevant" children:

- Eligible children are those young people aged 16-17 who are still in care and have been 'looked after' for a total of 13 weeks from the age of 14, including their 16th birthday;
- Relevant children are those young people aged 16 and 17 who have already left care, and who were 'looked after' for at least 13 weeks from the age of 14 and have been 'looked after' at some time while they were 16 or 17;
- Former relevant children are those young people aged 18, 19 or 20 who have been eligible and/or relevant.

Care leavers can also be classified as a 'qualifying' care leaver. This category applies to young people who:

- Left care after 1st October 2001, after they had turned 16, but who are not 'eligible' or 'relevant' because they did not fulfil the 13-week criteria
- Were accommodated, but in residential education, mental/health provision private fostering or Special Guardianship

10.2 Entitlement

Care leavers aged between 18 and 25 and where a local authority in England has acted previously as a corporate parent, will be entitled to their Council Tax being irrecoverable in full or in part, if they pay Council Tax or live with someone who pays Council Tax in Fareham since 1 April 2019.

To qualify for this reduction the Care Leaver must:

- Be aged 25 years and under
- Have their main residence in the borough of Fareham
- Be liable for Council Tax (Solely or jointly) or
- Move into a household and cause an increase in Council Tax liability (e.g. the loss of single resident discount)
- Be able to provide evidence of their care leaver status

The reduction in Council Tax will be granted after any entitlement to other appropriate Legislative discounts or exemptions have been awarded (this may include Council Tax Support, single resident Discount or relevant disregards).

10.3 Exclusions

Houses in Multiple Occupation (HIMOs) are accommodation set up commercially where the residents do not constitute a single household and the property owner is liable for Council Tax, not the residents. Houses in Multiple Occupation are where occupants:

- Do not constitute a single household
- Have a licence or tenancy to occupy only part of the dwelling
- Share the living space
- Are not the liable party to pay Council Tax.

10.4 Changes to Bills

The following reductions will be applied to the Council Tax bills:

Care leaver circumstances	Irrecoverable Reduction
Care leavers who live alone and are the liable person to pay Council Tax	100%
Where a property is occupied only by care leavers	100%
Care leavers who are jointly liable with one or more residents in the property, who are a not care leavers	50%
Where the care leaver lives in a household and the Council Tax would be subject to either a discount or exemption, if the care leaver did not reside there	The bill will be reduced to the sum payable before the care leaver resided in the property (so there is no Council Tax increase due the care leaver living in the property)

10.5 Administration

Evidence of the care status of the applicant, will need to be confirmed with the relevant Local Council (if the applicant cannot confirm the position)

The care leaver (or his/her appointee or a recognised third party acting on his/her behalf) or the liable person where relevant (i.e. the liable person at the property in which the care leaver resides) must advise of any change of circumstances which may impact the Council Tax charge within 21 days.

Any excess reduction given will be reclaimed through the relevant Council Tax account and collected and recovered under the Council Tax (Administration and Enforcement) Regulations 1992.