



## **REVENUES SERVICES**

# **PROTOCOL AND GUIDANCE FOR THE GRANTING OF LOCAL DISCOUNTS FOR COUNCIL TAX**

**April 2013**

## **1.0 Scope and Purpose of this Protocol**

1.1 The purpose of this protocol is to establish a framework to regulate the granting of local discounts for Council Tax properties and to ensure consistency. The protocol is intended to ensure that the granting of any discount is conducted in accordance with recognised best practice in the following areas:

- Debt collection.
- Accountancy code of practice.
- Audit controls

The policy applies to Council Tax owed to the Council.

## **2.0 Overview**

2.1 The Council has both a statutory and fiduciary duty to ensure that all money that it is owed is collected promptly whenever possible. However, it has discretionary powers to reduce the amount of Council Tax payable to such an amount as it sees fit, including reducing the amount to zero. This power may be exercised in relation to a particular case, or by determining a collection of cases with the same issue. For example a fire may affect a single dwelling or a flood may affect several properties.

## **3.0 Legal Background**

The Local Government Act 2003, Section 75, introduced Section 13A Billing Authority's (Power to Reduce Amount of Tax Payable) into the Local Government Finance Act 1992.

3.2 The Local Government Finance Act 1992 was amended by the Local Government Finance Act 2012, giving local authorities the discretion to reduce the amount of Council Tax a person has to pay. This is different legislation to that, which requires an authority to implement a local Council Tax Support scheme from April 2013.

3.3 As part of the requirements for introducing a localised Council Tax Support scheme, each local authority must state the procedure by which a person can apply for a discretionary relief under Section 13A (1) (c) of the 1992 Act

3.4 In situations where individuals or organisations can apply to the Council under the above provisions for a reduction in Council Tax, the Council should not hamper its discretion by applying a blanket approach.

3.5 Any guidance from the Department of Communities and Local Government or the Institute of Revenues Rating and Valuation will be considered.

## **4.0 Calculation of Rate Relief**

4.1 Any individual application for a reduction under Section 13A would be considered. Each case would be considered on its merits but the guidelines are intended to ensure that a consistent approach is taken and that applicants understand how their application will be assessed

**5.0 Cost to the Council**

- 5.1 The cost of any reduction under Section 13A falls to South Cambridgeshire District Council.
- 5.2 It is anticipated that any discounts are likely to be few in number and for short periods

**6.0 Policy**

- 6.1 Section 13A (1) (c) of the Local Government Finance Act 1992 empowers a billing local authority as follows:

*“(1) Where a person is liable to pay Council Tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent **as it thinks fit**.*

*(2) The power under subsection (1) above includes power to reduce an amount to nil.*

*(3) The power under subsection (1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.”*

- 6.2 The Council will consider using its powers to reduce Council Tax liability for any Council Tax payer. Ordinarily, the Council would expect there to be exceptional circumstances to justify any reduction and that the reduction will be intended as short term assistance and should not be considered as a way of reducing Council Tax liability indefinitely. Each case will be considered on ‘its merits’. The Council will have regard to the following criteria, in particular in relation to an application:

- Requests for reductions in Council Tax liability will be required in writing or by electronic communication from the customer, their advocate/appointee or a duly authorised third party acting on his/her behalf. The request should set out the circumstances on which the application is based and any financial hardship or personal circumstances relating to the application.
- Only applications relating to financial hardship will be considered, not environmental. The purpose of the policy is consider the circumstances of residents who have fallen on hard times
- In receiving a request the Portfolio Holder would expect that there would have to be evidence of exceptional, unforeseen circumstances to justify any reduction and that it will be intended only as short term assistance and must not be considered as a way of reducing Council Tax liability indefinitely.
- The attempts made by the applicant to resolve his/her own personal circumstances. Any application made under Section 13A of the Local Government Finance Act 1992 should be one of last resort and any

entitlement to benefit, discounts or exemptions or Valuation Office/Valuation Tribunal action and appeal should be explored prior to an application being made

- The Council's finances to allow a reduction to be made. The cost of any reduction awarded under Section 13A falls solely to the billing authority and so the determination must bear in mind the impact on the Council Tax payer in general.
- The application will require a full income and expenditure breakdown (Financial statement) of the applicant together with that of any other household members. The Council may request reasonable relevant evidence in support of the application.
- The customer's entitlement to Council Tax Benefit at the property for which the reduction is sought.
- All other discounts/reliefs have been awarded to the customer for which he/she would be eligible.
- If the Council Tax account is in arrears, the Portfolio Holder must be satisfied that non-payment was due to reasonable basis of withholding payment.
- The length of time of the proposed reduction will apply for is a maximum period of twelve months.

## **7.0 Authority to Award Relief**

- 7.1 Cabinet will determine all Section 13A applications. The Portfolio Holder for Finance and Staffing will consider applications and present them to Cabinet with a justification for the discount to be granted. The amount of any discount or reduction will take into account the amount of the debt and/or future liability and the extent to which the criteria or guidelines are met.

## **8.0 Notification of Decision**

- 8.1 The Council will notify a customer of its decision within 21 days of receiving sufficient information to make a decision.

## **9.0 Appeals**

- 9.1 Under the Local Government Finance Act 1992, there is no right of appeal against the Council's use of discretionary powers. However, the Council will accept a customer's written request for a further review of its decision. The Council will then consider whether the customer has provided any additional information against the required criteria that will justify a change to its decision.

## **10.0 Duration of Relief**

- 10.1 The length of time of the proposed reduction will apply for a maximum period of twelve months.

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