



HOUSE OF COMMONS

LONDON SW1A 0AA

1st June 2023

Jean Gaultier

RE: PROPORTIONAL PROPERTY TAX

Thank you for your recent correspondence in respect of your concerns about Council Tax and the proposal by a lobbying group to impose a new house price tax on homes. I have read your comments with interest.

Council Tax is a local charge for the use of local services. The current banding system reflects that larger homes make slightly greater use of local services, but intentionally, it is not a poll tax nor a wealth tax.

For the past decade, the Government has ensured that local taxpayers are able to veto excessive Council Tax increases in a local referendum. In 2023-24, the Government has put in place a new one-off funding guarantee to ensure that all local authorities will see a minimum three percent increase in their Core Spending Power, before taking any local decisions on Council Tax levels. More widely, I realise that many people may be facing financial worries, which is why every council is required to have a Council Tax support scheme in place. The Government is providing local authorities with their share of a £100 million Council Tax Support Fund to allow them to deliver additional support to households in need.

I would note under the proposals by this lobbying group, many hardworking families and pensioners would see soaring bills, both within local authorities and across the country. In particular:

- The existing single person discount would be abolished, hitting widows and widowers the hardest. Such a house price tax fails to take into account that single person homes make reduced use of local services.
- Annual revaluations would mean home improvements would be taxed, punishing people for doing up their home. Under the Council Tax system, material improvements are only taken into account when the home is sold.
- There would be no limit on the increase in taxes. When house prices rise, it would be very easy for a government or council to use that increase to hike the overall tax take by stealth, as bills would be based on house prices.

I also note that the Government has stated it does not have any plans to introduce a new proportional property tax, but keeps all taxes under review.



Finally, I am aware that a Westminster Hall debate was held on Council Tax and Stamp Duty Land Tax on the 17th May. Whilst I was unfortunately unable to attend given prior diary commitments, I will continue to follow the issues raised closely. If you are interested in reading the Government's response, you can do so at:

<https://hansard.parliament.uk/commons/2023-05-17/debates/4D6FE625-DDB5-49E9-A4D3-E4B1B9F6096D/CouncilTaxAndStampDutyAlternatives>.

I hope this response explains why such an idea is not one I feel able to support.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

With best wishes,

**TOM PURSGLOVE MP
MEMBER OF PARLIAMENT
CORBY & EAST NORTHAMPTONSHIRE**