Saffery

14 July 2026

# High Value Council Tax Surcharge

Comments from Saffery LLP

Saffery

## 1. Executive summary

1.1 We welcome the opportunity to comment on the design of the High Value Council Tax Surcharge.

1.2 In summary, our key points are as follows:

- Exemptions and reliefs should be aligned, where appropriate, with those in the Annual Tax on Enveloped Dwellings (ATED) regime, including for heritage property, employment-related accommodation and other comparable categories.
- The proposals for trustee liability raise practical concerns, particularly in relation to nominees and bare trustees, beneficiary occupation of trust property, the interaction with deferral and trustees' rights of recovery.
- The proposed deferral scheme may create cliff-edge effects and be complex to operate in practice. Consideration should be given to increasing the income and capital thresholds, introducing a taper and providing greater certainty over eligibility criteria.
- Greater clarity is needed on how the regime will apply in practice, including the treatment of trust assets, multiple self-contained dwellings held under a single title and the meaning of "charitable purpose".
- The proposed exemptions do not fully reflect the range of property types that may warrant different treatment, including tied accommodation, farmhouses and certain charity-owned properties.
- Valuation and evidence requirements may be difficult and costly to operate in practice, particularly where values are close to thresholds, properties form part of larger transactions or comparable evidence is difficult to obtain.
- Earlier disclosure of valuation information, including the evidence and comparable transactions relied upon, would improve transparency and may help reduce disputes.
- The proposals are highly likely to have a disproportionate impact on certain groups, particularly older individuals and people with significant disabilities who may be asset-rich but income-poor.

1.3 Section 2 below makes some general comments on the proposals, and section 3 covers our responses to the specific questions raised in the consultation document.

1.4 We would be happy to discuss the points raised here in further detail. If you have any questions, or would like any further information, please contact: Sean McGinness, National Tax Partner, on +44 (0)131 221 3217 or email sean.mcginness@saffery.com or Ami Jack, Partner, National Tax, on +44 (0)330 094 3079 or email ami.jack@saffery.com.

## 2. General points

2.1 The consultation raises a number of issues which are not fully addressed in the proposals. In particular, there is limited detail on the valuation methodology, how the surcharge will interact with existing property taxes, and the longer-term policy intent. Greater clarity in these areas would help reduce uncertainty, support effective implementation and help maintain market confidence.

2.2 The introduction of the HVCTS adds a further layer to an already complex framework, rather than reforming the underlying structure of Council Tax. This risks increasing complexity for taxpayers and advisers without addressing the broader issues within the current system.

2.3 Given the forecast revenue from the HVCTS of £430 million per year from 2028-29, careful consideration should be given to the practical costs of implementing and administering the regime. The consultation would benefit from further information on how valuation, compliance, appeals and collection costs have been taken into account and whether these costs are expected to be proportionate to the revenue generated.

**3. Specific consultation questions**

**3.1 Question 1: Do you agree the legal owner should generally be liable for HVCTS?**

3.1.1 While the legal owner may often be the most readily identifiable person, there are numerous situations in which legal ownership rests with a nominee, attorney or bare trustee rather than the beneficial owner, particularly where the beneficial owner lacks full capacity.

3.1.2 In these circumstances, consideration should be given to applying the same principles as those contained in section 60 TCGA 1992 in relation to nominees and bare trustees. Broadly, this would mean treating the property as belonging to the beneficial owner, rather than the nominee or bare trustee who merely holds legal title, for the purposes of the HVCTS.

3.1.3 Nominees and bare trustees are often unpaid volunteers acting for others who are unable to manage their own affairs. Making such individuals personally liable for HVCTS in respect of property in which they have no beneficial interest may discourage people from accepting these roles.

3.1.4 This could reduce the pool of individuals willing to act as nominees or bare trustees and increase reliance on professional trustees or nominee companies. Those providers may reasonably seek indemnities or cash security before accepting appointments, increasing the costs of such arrangements.

**3.2 Question 2: Do you agree that liability should sit with the leaseholder where the lease has been granted for more than 21 years (recognised as a “long lease”), or where the law treats a lease as having been granted as such?**

3.2.1 No comment.

**3.3 Question 3: Are there forms of leases, within or outside of the categories mentioned above, where different treatment should be considered?**

3.3.1 No comment.

**3.4 Question 4: Do you agree that in trust arrangements trustees should be liable for HVCTS?**

3.4.1 The application of the HVCTS to properties held by trustees and occupied by beneficiaries is potentially problematic and requires further consideration.

3.4.2 In particular:

a. There are many situations where a trust's only asset, or one of its principal assets, is a residential property occupied by a beneficiary. The extension of liability to trustees, including for bare trusts, raises questions where the economic burden ultimately falls on beneficiaries.

b. There is a lack of detail in the consultation on how these rules would operate in practice. For example, where a beneficiary meets the criteria for deferral but the trustees do not, it is unclear whether deferral would be available.

c. It is also unclear whether trust assets would be taken into account when applying any capital limits for the purposes of any deferral relief regime.

d. For properties that are not occupied by a beneficiary but instead form part of a rental business operated by trustees, or are otherwise held within a discretionary trust structure, it appears appropriate that the trustees should be liable for the surcharge.

e. However, where a beneficiary occupies a property as a life tenant, tenant or pursuant to rights granted under the trust instrument, consideration should be given to whether liability should instead rest with the occupying beneficiary rather than the trustees.

f. It is not clear whether trustees would have a sufficient right of recovery. A clearer statutory right of recovery could help ensure the cost of the charge is passed on appropriately.

3.4.3 More broadly, the interaction of the charge with other taxes will depend on the final legislative drafting. Trust taxation is complex, and the government should ensure that the impact on other tax regimes is clear. HMRC should provide clear and timely guidance, particularly for non-professional trustees, to avoid the charge creating additional complexity and compliance burdens.

**3.5 Question 5: Do you agree with the proposed income (£35,000) and capital (£16,000) thresholds for deferral?**

3.5.1 The proposed income threshold may create cliff-edge effects. For example, a relatively small increase in income above the £35,000 threshold, for example as a result of an increase in interest rates, could result in a surcharge of £2,500, representing an extremely high marginal charge on that additional income.

3.5.2 Consideration should therefore be given both to significantly increasing the £35,000 threshold and to introducing a taper so that the surcharge is applied gradually rather than arising in full once a threshold is exceeded.

3.5.3 It can be difficult for taxpayers to predict their income accurately. Consideration should therefore be given to determining eligibility by reference to income reported for a previous tax year, with appropriate relief where income subsequently falls below the threshold.

3.5.4 Greater clarity is needed on how capital will be calculated for the purposes of the regime. To minimise complexity, consideration could be given to aligning the approach with existing means-tested regimes, such as those used for social care and certain welfare benefits.

3.5.5 Greater clarity is also needed on how assets held in trust would be treated for the purposes of any capital assessment. We suggest that assets held in trust for the benefit of an individual taxpayer should be excluded from any capital calculation, as trust funds often exist for more than one beneficiary and distributions remain subject to trustee discretion.

3.5.6 The income and capital thresholds should be reviewed regularly to ensure that they remain appropriate over time.

**3.6 Question 6: Do you agree that deferral should be available to homeowners who meet the income or savings thresholds?**

3.6.1 No comment.

**3.7 Question 7: Do you agree with the proposed disability-based criteria, aligned with existing Council Tax criteria?**

3.7.1 No comment.

**3.8 Question 8: Can you foresee any circumstances where the proposed deferral scheme is not sufficient? Please provide evidence to support your views.**

3.8.1 Yes.

3.8.2 A deferral mechanism for asset-rich but cash-poor individuals is sensible in principle. However, its effectiveness will depend heavily on the detailed design, which may prove complex to administer in practice.

3.8.3 In addition, the availability of a deferral scheme raises questions about whether the policy will deliver the intended timing of revenue, as receipts may be delayed until disposal of properties.

**3.9 Question 9: Do you agree that change of ownership should be the default end point for deferral?**

3.9.1 No comment.

**3.10 Question 10: For deferred payments, do you have views on what level should the interest rate be set at?**

3.10.1 No comment.

**3.11 Question 11: What additional resources do you anticipate local authorities may need access to in order to deliver the proposed scheme?**

3.11.1 It is unclear from the consultation who will bear the legal and administrative costs associated with imposing a charge over the property.

3.11.2 Greater clarity is required on the responsibility for these costs to ensure local authorities are adequately resourced and that taxpayers understand their position.

**3.12 Question 12: Do you agree with the proposed property types to be exempted from or discounted under HVCTS?**

3.12.1 No, additional categories should be included.

3.12.2 In particular, consideration should be given to exemptions or discounts aligned with existing reliefs under the Annual Tax on Enveloped Dwellings (ATED) regime, where appropriate. This could include:

a. Properties open to the public for at least 28 days a year.

b. Conditionally exempt properties (heritage assets where inheritance tax is deferred, subject to conditions such as public access and preservation).

c. Properties used as farmhouses.

d. Properties which are subject to both Council Tax and business rates.

e. Properties required to be occupied for the proper or better performance of employment duties, such as resident agents, domestic staff, gamekeepers, herdsmen, shepherds, other agricultural workers, school caretakers and head grooms, aligning with existing benefit in kind rules.

f. Properties already subject to ATED.

g. Properties owned by charities and used in furtherance of their charitable objectives, such as almshouses, HMOs and similar accommodation.

3.12.3 While there may be relatively few examples of employment-related accommodation within the scope of the charge, including these categories would help ensure such properties are not brought within scope in future as property values rise or the threshold is reduced below £2 million.

3.12.4 It would also be helpful to clarify how the regime will apply where multiple self-contained dwellings form part of a single land title. There should be a mechanism to ensure that separate dwellings are considered individually, rather than being treated as a single high-value property solely because they are held under the same title. This is particularly important where properties are capable of separate occupation but do not have separate Land Registry titles.

3.12.5 We appreciate that not all ATED exemptions and reliefs would align with the policy objectives of the HVCTS. In particular, exemptions for properties let to third parties on a commercial basis may not be consistent with the intention to apply the charge to high-value residential properties. The list of ATED exemptions and reliefs therefore provides a useful starting point.

3.12.6 In respect of heritage property and houses open to the public, we would point out that the margins on opening houses to the public are low, with inflation adding significantly to already high maintenance costs. Many of these properties are in rural areas and make a substantial contribution to local economies through tourism, employment and expenditure on local trades and services. Imposing additional costs on these operations may lead to reductions in repair expenditure and local employment, potentially placing historic buildings at greater risk and undermining wider efforts to protect and preserve the UK's heritage.

3.12.7 Farmhouses may warrant specific consideration. They can serve a dual purpose as both a family home and the operational centre of a farm, and their value may be driven by external factors. Downsizing may not be a realistic option. In these cases, a relief which adjusts the valuation of the property, rather than reducing the charge, may be more appropriate if a full exemption is not available.

**3.13 Question 13: Noting exemptions will only apply to property types with specific characteristics that are unlikely to change, do you have views on which properties in the proposed list should be exempt and which should be discounted?**

3.13.1 No comment.

**3.14 Question 14: Is there a case for providing a discount to tied properties?**

3.14.1 Yes.

3.14.2 Where occupation of a property is tied to a person's employment or agricultural work, the valuation of the property may be detached from its functional use. This is particularly relevant in rural settings.

3.14.3 Consideration should be given to a full exemption for tied accommodation. Such properties support local employment and, in many cases, cannot practically be sold separately from the wider business or estate with which they are associated.

**3.15 Question 15: Is there a case for providing a discount to charities where they meet a charitable purpose test?**

3.15.1 Instead of charities being required to apply for a discount, an exemption should be considered to avoid creating unnecessary administrative burdens. Even if relatively few properties are affected, charities would otherwise incur additional compliance costs in determining whether they are within scope and claiming relief.

3.15.2 Requiring charities to claim relief would also impose practical burdens, as trustees or administrators would need to understand the detailed rules of the charge or incur professional costs in order to comply.

3.15.3 Greater clarity is needed on the meaning of "charitable purpose".

3.15.4 For example, it is unclear whether any exemption would apply only to properties used directly in carrying out a charity's objectives or whether it would also extend to residential properties owned by charities where the income and capital are applied exclusively for charitable purposes.

3.15.5 The treatment of residential investment properties owned by charities may require further consideration to ensure that any exemption does not create unintended distortions within the HVCTS regime.

**3.16 Question 16: What types of evidence would it be possible for taxpayers to provide to demonstrate eligibility for relevant discounts?**

3.16.1 No comment.

**3.17 Question 17: What additional resources (for example, extra information) do you anticipate local authorities may need in order to assess eligibility for a discount?**

3.17.1 No comment.

**3.18 Question 18: Do you have views on the proposed system of penalties set out above? What else would most help local authorities administer HVCTS efficiently?**

3.18.1 No comment.

**3.19 Question 19: Noting the need to balance fairness with incentivising the provision of accurate information, do you have views on whether the penalty outlined in this section is sufficient?**

3.19.1 No comment.

**3.20 Question 20: Would allowing LAs to apply a penalty to other individuals (such as managing agents) to support compliance with information requests help identify hard-to-find owners? If so, what would an appropriate penalty level be?**

3.20.1 No comment.

**3.21 Question 21: Do you have any evidence on the housing market impacts of non-UK resident owners in high pressure housing markets?**

3.21.1 No comment.

**3.22 Question 22: Do you think the government should explore charging an additional High Value Council Tax Surcharge premium on non-UK resident owners of homes liable for the tax? Please explain your answer.**

3.22.1 Any such premium would contribute further to an already complex regime for international property owners.

3.22.2 There are also practical concerns. For individuals, residence status is determined after the end of the tax year, whereas HVCTS would be payable during the year. This mismatch risks creating additional complexity and administrative burdens for both taxpayers and local councils.

**3.23 Question 23: What do you think the potential impacts of such a premium could be?**

3.23.1 A premium may:

a. Increase complexity for non-resident owners and advisers.

b. Create timing and compliance challenges given the determination of residence status.

c. Potentially distort investment behaviour in the high-value property market.

**3.24 Question 24: How easy or difficult do you think it would be for owners to obtain and provide the evidence needed to support a band challenge (for example, similar properties with different bands, or sales information for similar properties from 2026)?**

3.24.1 Difficult.

3.24.2 The use of model assisted valuation introduces a significant risk of dispute, particularly where values determine tax bands but may not reflect real market conditions. There may be a risk of properties clustering just below key thresholds, creating distortions and increasing the likelihood of challenge.

3.24.3 Evidence from the operation of SDLT when it applied a slab system may be informative in understanding how valuation thresholds could affect behaviour and give rise to disputes.

3.24.4 In addition, where properties are acquired as part of a larger transaction, such as a landed estate, there may be no clear apportionment of value between the various elements. This could make it difficult for owners to produce objective evidence and for consistent comparisons to be made with other properties.

3.24.5 Obtaining professional valuation evidence for high-value residential properties can be expensive, with fees commonly exceeding £5,000 to £10,000 plus VAT.

3.24.6 Comparable transaction data can also be difficult to obtain due to the relative infrequency of arm's-length transactions involving high-value residential properties and the limited availability of information in some parts of the market.

3.24.7 Values in the high-value residential property market are currently under pressure in a number of locations. Market sentiment and factors such as local amenities and school performance, can have a significant impact on value. Consideration should therefore be given to whether there should be a mechanism for properties to be revalued between revaluation exercises where there has been a significant reduction in value.

**3.25 Question 25: Do you agree sharing information earlier in the dispute process about property banding would help to resolve disputes?**

3.25.1 Yes.

3.25.2 Earlier sharing of information used in the valuation process would improve transparency and may help reduce disputes.

3.25.3 In particular, we suggest that the Valuation Office Agency notifies owners of dwellings assessed at more than £1.5 million of the value attributed to their property, together with evidence and comparable transactions relied upon in reaching that valuation.

**3.26 Question 26: What could help homeowners feel confident that a challenge or appeal has been handled fairly and independently, even where the decision is not changed?**

3.26.1 No comment.

**3.27 Question 27: Do you agree with the approach that homeowners should be able to appeal the VO banding and alterations decision and local authority's decision on liability to the Valuation Tribunal?**

3.27.1 No comment.

**3.28 Question 28: Councils will require powers to enforce payment of the tax. Do you agree powers should align to those currently available in Council Tax?**

3.28.1 No comment.

**3.29 Question 29: Do you have views on whether any of the proposals in this consultation will have any disproportionate impacts on persons who share a protected characteristic?**

3.29.1 The proposals are highly likely to have a disproportionate impact on certain groups, particularly older individuals and people with significant disabilities who may have occupied the same property for many years and have limited income despite living in a high-value home.

3.29.2 While the proposed deferral scheme may mitigate some of these impacts, consideration should be given to whether the eligibility criteria and thresholds provide sufficient support for those who are asset-rich but income-poor.

## 4. About Saffery LLP

4.1 At Saffery, we're more than just chartered accountants and tax and business advisers. We're a partner-led and people-focused firm, committed to our clients and honouring our heritage.

4.2 Since 1855, we've evolved in size and scope, but our unwavering dedication to exceptional client service remains the same.

4.3 As a proud member of Nexia, a worldwide network of trusted member firms, we've got access to local insight on a global scale.

4.4 In the UK, Saffery LLP is the 15th largest accountancy firm by fee income, with 90+ partners and 1,300+ staff across nine offices. Saffery also has an office in Dublin, Ireland.