

SAACT Newsletter

Pre-Election Issue

April 2007

Who Will Get Your Vote?

The Case for Replacing Council Tax

- Council Tax is grossly unfair. It bears no relation to ability to pay.
- Council Tax is levied on the basis of a purely notional domestic property value (calculated in 1993!) which bears no relation to income or even other disposable assets. But most of us have to pay our Council Tax from our incomes. The paper value of our homes does not pay our Council Tax for us. (In any case, tenants have to pay Council Tax as well as home owners.)
- People on low incomes (including pensioners, but not only pensioners) can pay 20% or more of their incomes in Council Tax. Some well-off people pay 1% or less of their incomes. How can this be fair?
- Households with three or more wage earners pay exactly the same as two-adult households (many of which have only one wage earner). How can this be fair?
- UK-wide, Council Tax has more than DOUBLED since 1995. Over the same period, national average earnings have risen by 50%, and the basic State Pension has risen by 38%.
- Council Tax is very difficult to collect, and easy to evade. In Glasgow only 86.1% of the amount of Council Tax due for 2005-6 was collected in the year of billing. Even including collection of arrears, only 88.1% has currently been collected for the years 1993-96 (Council Tax Collection Statistics 2006, Tables 2 and 3 -Scottish Executive).
- Council Tax is also costly to collect. The Burt Committee estimated that the annual cost of collecting Council Tax in Scotland, including Assessors' costs, is currently £42 million. In contrast, the annual costs of collecting a centrally-set income-based tax would be £17-£28 million. The savings produced by a centrally set income-based tax would therefore be £14-25 million. (Burt Report, Figure 10.3, page 107).
- There are people who would try to evade any form of tax, however fair. But difficulties in Council Tax collection are not usually due to deliberate evasion by those who could well afford to pay. Many people genuinely have difficulty in paying. A recent study by the Joseph Rowntree Foundation (28th September 2006) estimated that close to three million summonses for non-payment of Council Tax are issued in England each year, and concluded that deprivation is a key factor in explaining these numbers. One in four households in Band A receives a summons; one in seven in Band B; but fewer than one in ten in Bands E-H (based on a sample of 22 Councils).

- In contrast, under a flat-rate income-based tax, everyone would pay exactly the same percentage of their **taxable** income. What could be fairer than that?
- Further, under an income-based system, the tax would be deducted (for most of us) from wages or pensions at source, through PAYE where possible. Most of us could not easily evade an income-based tax!
- It is sometimes argued that Council Tax Benefit deals with those who find difficulty in paying Council Tax. But there is overwhelming evidence that means-tested benefits do not work fairly, and cannot be made to work fairly. In June 2006, the Department for Work and Pensions estimated that, UK-wide, the number of pensioners entitled to Council Tax Benefit was between 4 million and 4.5 million - but only 2.4 million actually claimed it. And pensioners are not the only people on low incomes. Needless to say, an income-based tax would do away with the need for a separate Council Tax Benefit. We analyse these issues in more detail in our Newsletters and in our response to the Burt Committee's consultation exercise - see appropriate sections of the Website.

**IF YOU WANT TO GET RID OF COUNCIL TAX,
CONSIDER CAREFULLY HOW YOU WILL VOTE IN THE
FORTHCOMING SCOTTISH PARLIAMENTARY AND COUNCIL
ELECTIONS ON THURSDAY 3RD MAY 2007.
(see the Website Section entitled "Scottish Political Parties' Policies")**

Remember: A vote for Scottish Conservatives or Scottish Labour is a vote to retain this heinous tax and therefore a vote against the welfare of the people of Scotland.

"New Labour deserve all the votes they don't get"

(Quote from Jimmy Reid letter in Herald of Saturday 21 April)

Membership of SAACT (Scottish Action Against Council Tax)

We hope you have found this issue of SAACT Newsletter both interesting and thought provoking. If so, please pass it on to your friends and consider joining our mailing list or even taking a more active part in our campaign. Contact us via our website to register an interest in SAACT

Visit the SAACT Website.

SAACT website is located at: www.saact.org.uk