

## Commission on Local Tax Reform

Dear Sir / Madam,

Most taxation is based on the principal of affordability. Income is taxed above a certain starting level and is taxed at one of three percentage rates as income increases.

The standard rate of Valued Added Tax, VAT, is also based on ability to pay e.g. if I purchase a camera costing £100 approximately £14 of this will be VAT. On the other hand if I feel that I can afford to pay £1,000 for a camera then approximately £140 of this will be VAT.

Council tax however is not based on ability to pay. When I purchased my house in 1982 I was working full time. When I retired in 2007, aged 57, my income more than halved. However my council tax demand did not reduce to reflect my much reduced income so that I was paying a rate of 16% on already taxed income. One hears much about fuel poverty but nothing about council tax poverty.

Much as I would appreciate a local income tax I appreciate that there would be difficulties e.g. some people live and work in different local authority areas so city areas e.g. Glasgow may gain but the neighbouring council areas e.g. East Dunbartonshire, Renfrewshire may lose. However as 80% of local authority income is from the Scottish Government perhaps a so called local income tax should be collected nationally and distributed by the same formula as the existing 80%. With income tax rates being devolved there should be no problem adjusting the tax rates. There is also the problem of a local income tax on savings interest. Should savings interest, already taxed, be taxed further? With record low interest rates this may well be unacceptable.

While this would mean, according to the Scottish Daily Mail, hard working couples paying more the Mail does not say that this would also mean those on low incomes, and on whom the present council tax system is a burden, would pay less.

Despite the fact that former prime minister Tony Blair only pays £200 a year more council tax on his £6 million South Pavilions mansion, compared to my Band F in Lenzie, I am against a so called mansion tax as this will do nothing to assist those on low incomes.

I feel it is wrong to base valuations partly on the number of rooms. My house originally had a lounge/dining area ... one room. We had a dividing plasterboard wall built and this is now counted as two rooms. This is reminiscent of the former window tax.

I would suggest that valuations be based on floor area rather than number of rooms.

Apart from e.g. students and apprentices who are excused council tax there are many people, adult children living with parents, who legitimately do not pay council tax. A few doors from me there is a larger house in my council tax band where four working adults, each having a car, lived. We have a single, ten year old car. Why should working adults be excused paying a share of council tax when pensioners are not?

At present a single person household receives a 25% reduction on the council tax. If this is deemed acceptable, fair, appropriate, justified, etc, then surely it should be equally

acceptable, etc, to charge a three adult person household a 25% surcharge on the community tax and perhaps a 50% surcharge on a four adult person household. As there are exemptions e.g. students, apprentices, and not everyone would be paying the same charge this is not a poll tax and is also regressive e.g.

Council tax	£2,000	Council Tax	Cost per adult
1 adult	- 25%	£1,500	£1,500
2 adults		£2,000	£1,000
3 adults	+ 25%	£2,500	£ 833
4 adults	+ 50%	£3,000	£ 750

The single adult household is paying, on a per capita basis, double that paid by a four adult household.

Thank you for reading this.

Yours sincerely,

Alexander Grant