

Council Tax: domestic properties which are in disrepair or are derelict

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The Valuation Office Agency (VOA) is the government department responsible for keeping Council Tax bands up to date in England and Wales. This factsheet sets out the VOA's approach for taxpayers' properties that are in disrepair.

The main rule is that every property will be banded for Council Tax, as long as it qualifies to be a 'dwelling', which has a legal definition. To be a dwelling, the VOA will basically look to see if the property is either habitable or capable of repair.

We have to assume that a dwelling is in reasonable repair. In limited circumstances, the VOA can decide to 'delete' a Council Tax band. This means that a property wouldn't have a Council Tax band at all and the taxpayer wouldn't pay any Council Tax.

If a property is actually occupied, it's generally assumed to be habitable and the VOA won't delete the band, even if repair or renovation works are on-going.

0.1 Effect of deletion and reinstatement as 'new' on completion

Although no Council Tax will be payable if a band is deleted, when the property is next banded it'll be treated as a new property. All improvements will then be taken into account in the new banding from the date the new property was completed. In some cases, when works are not quite complete, the local council may issue a 'completion notice' that tells the taxpayer and the VOA a date from which Council Tax should be paid. The following examples show how the VOA deals with properties that are vacant, in disrepair or are undergoing works.

1. Where a property is in poor repair

When the VOA bands a property, they must assume that it's in a state of reasonable repair, taking into account its age, character and locality. The VOA must ignore the fact that a property is neglected and lacks basic repairs so it's impossible to argue that a property in poor repair isn't a 'dwelling'. In these cases, the VOA can't reduce or delete the band. This rule ensures that all taxpayers are treated equally and that nobody gets a reduction in Council Tax just because they neglect a property.

2. Where a property is in severe disrepair or dereliction

A property can deteriorate so badly, over a long period of time, that it's no longer capable of being repaired without very significant reconstruction. To make it habitable may mean that the property's character will have been changed so much that it'll not bear any relation to the type of accommodation that was originally there. Following the completion of the works it would virtually be a new property. In these circumstances, the VOA may delete the band so that the taxpayer won't pay any Council Tax.

The 'rule of thumb' test will be "is the property wind and watertight?" Where the intrusion of the weather, rot or severe vandalism means that only substantial structural work would make the property habitable, the band can be deleted. The property wouldn't be habitable and the 'dwelling' will have ceased to exist.

3. Where a property has not been modernised

If a property is unmodernised, as opposed to derelict, this doesn't mean that a band can be reduced or deleted. Unmodernised properties may not be up to expected modern standards,

but they may still be habitable. The VOA won't generally agree to delete a band on a property that's been recently occupied because the property would be regarded as habitable, even if it's unmodernised. The VOA will assume that any unmodernised property is in reasonable repair.

4. Where properties are actually undergoing repairs or renovation

4.1 Normal repairs

Normal repairs include the renewal of any part of a building that 'wears out' over time and needs replacement, such as:

- a roof covering
- windows
- kitchen or bathroom fittings
- rewiring
- paintwork and decoration

Where a property is undergoing these types of repairs, the band can't be deleted as the VOA have to assume that the repairs have already been done. The cost of repairs isn't a relevant consideration as to whether or not a band is deleted.

4.2 Renovation and structural alteration

Where the works are more substantial, including structural alterations, major renovation or other alterations, (which result in the property being incapable of occupation), then the band may be deleted. In these circumstances the works would result in a property of a different character from the old one it replaces. Such works will be of a much greater scale than normal repairs, and often carried out to a different specification to the original. Significant reconstruction must make it impossible to live in any part of the property for the band to be deleted.

4.3 House being converted into flats, or flats becoming a single dwelling

Where a single property is being converted into 2 or more units of living accommodation by structural works to divide it, the VOA can delete the band. If part remains capable of occupation then that part would be banded whilst the works are in progress. When the works are complete, each of the new units will be banded separately as new properties.

4.4 House being extended

If the original house is capable of occupation whilst the extension is being built, the band won't be deleted. When the extension has been completed the band won't be reviewed or increased unless the property is subsequently sold. If the extension required part of the main house to be demolished during the course of the works, or in connection with any planned works, then that demolition can't be taken into account to reduce the band of the property.

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