

SAACT Newsletter

Issue 1

September 2006

Council Tax is Unfair

Scottish Action Against Council Tax is a non party-political pressure group dedicated to the abolition of the present system of Council Tax.

SAACT, while autonomous, has historical links with, and corresponding aims to, the IsItFair group in England and Wales. i.e. Scrap this tax in favour of a fair system.

We believe that the Council Tax is grossly unfair. We contend that the whole basis of this regressive tax is flawed and therefore no amount of tinkering with the system, aimed at giving it a veneer of fairness for short term political gain, can be justified.

A set of fundamental principles and conditions has been formulated which we believe, taken together, should be adopted as the criteria on which the fairness of a replacement tax should be judged. These are:-

1. Council Tax should be scrapped in favour of a fair system.
2. The replacement tax must not be based on domestic property value, but should be levied on all residents.
3. The replacement tax must be based on ability to pay and should contain no regressive elements.
4. The replacement tax must not disadvantage those whose circumstances are such that they would qualify for Council Tax Benefit under the present system.
5. The replacement tax should avoid the necessity for means-tested benefits.

These principles will be elaborated upon and explained over the first few issues of this Newsletter, starting overleaf.

Where are we now?

The Burt Report on "Local Taxation in Scotland" is due for publication in the autumn. Lets hope its recommendations are in tune with our policy.

Scottish Labour is in denial that CT is inherently wrong and may well try to paper over some of the cracks in a cynical attempt to gain votes at the 2007 Scottish Parliament Elections.

Scottish Conservatives – well what can we say? After all, the Conservatives introduced this disastrous CT in the first place.

Both Scottish Lib. Dems. and Scottish National Party claim to support the substitution of CT by some form of income tax. If they are really serious about this, perhaps they can give convincing answers to the following 2 questions. If not, then we must conclude that they are not interested in the welfare of a large disadvantaged section of the people of Scotland.

Q1. Why (unlike the Greens and some Independents) did the SNP and SLD vote against the Scottish Socialist bill to get rid of this iniquitous tax?

After all, even if they did not agree with the detail of the Tommy Sheridan bill, this was a golden opportunity to introduce their own amendments. In any case, threshold levels and band levels of income tax can both be changed to suit prevailing conditions. Instead, sadly they chose the destructive route which may well have set back the abolition of CT by a number of years. Was this a responsible way to treat the people of Scotland? - We think not.

Q2. If these parties are serious about the abolition of CT will they make a firm commitment now to making it a condition of taking power or of power sharing after the next Scottish Parliament elections that an appropriate bill is introduced early in the first parliamentary session after the elections?

The political parties have had years to establish their policy on this matter; there is therefore no need to postpone decisions on this.

Council Tax is Unfair

“Council Tax should be scrapped in favour of a fair system”. That is SAACT’s first principle.

We will examine suggestions for fairer replacements for Council Tax in subsequent issues. But let us first look at why Council Tax is grossly unfair.

Council Tax is based on notional property values. But the value of your house does not pay your Council Tax. You cannot sell off a few more bricks from your house every month to pay your Council Tax. In practice most of us have to pay our Council Tax from our incomes. And our incomes may bear no relation whatsoever to the value of our homes.

Take the following examples:

Jean Black is a 74-year old widow. Her only income is her state pension of £84.25 per week (£4,381 per year). She has modest savings which make her ineligible for Council Tax Benefit and Pension Credit. (The interest on her savings barely keeps pace with inflation, so it is not real income.) She lives in her married home, a Band D house in Glasgow. Even with the single person’s discount of 25%, she pays £910 in Council Tax, excluding water charges-20.8% of her income.

John and Jessie Green also live in a Band D house. John is the only wage earner. Jessie stays at home to look after their two young children. Their total income, including benefits, is £20,000. Their Council Tax, £1213, represents 6.1% of their gross income.

Paul and Moll Brown also live in a Band D house with their two grown-up sons, Henry and Joseph. All have jobs, and the total gross family income is £80,000. They pay exactly the same Council Tax as John and Jessie Green – but this is only 1.5% of their total family income.

Jeremy and Margot Gray live in a two million pound mansion (Band H). Both are company directors, and their joint incomes are £200,000. Their Council Tax, £2,426, represents 1.2% of their income.

It is true that people on very low incomes, and with little or no savings, are eligible for Council Tax Benefit, Income Support, Pension Credit and other benefits. But there is overwhelming evidence that means-tested benefits do not work fairly. In June 2006, the Department of 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.

There must be a fairer way. For example, if Council Tax were replaced by an income-based tax at 4%, and the present income tax personal allowances applied (£5,035 per person), Jean Black would pay nothing, the Greens would pay £600 (3% of **gross** income), the Browns £2,400 (3%) and the Grays £7,600 (3.8%).

Membership of SAACT

We hope you have found this 1st 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. Send your e-mail and/or postal address to the Secretary to receive future issues.

In preparation for the 2007 Scottish Parliament elections the political parties will shortly be declaring their policies and publishing their manifestos. It is important, therefore, that all those in agreement with our aims should let their MSPs and prospective candidates know their feelings on this matter.

Lets get rid of this abhorrent tax now and have it replaced by a fair alternative. In our People's Parliament it's time our MSPs changed this system for the benefit of our people.

PS. There are no membership fees in our organisation, but we should point out that our expenses are met from purely voluntary donations, all of which are greatly appreciated and without which we could not exist. Please contact SAACT for details.

Our account payee name for contributions by cheque is “SAACT-IsItFair.”