



What is Council Tax?

Council Tax is a system of local taxation collected by local authorities. It is a tax on residential property but the rules about who has to pay it are quite complicated.

Some properties are exempt from Council Tax either because no-one lives in it or because of the condition it is in or because the people who live in it are exempt from paying Council Tax.

Some people do not have to pay any Council Tax because of their circumstances (like full-time students). Some people are liable to pay it but can get a discount or a reduction or both.

It is important to know that your local council also collects water and sewerage and charges on behalf of Scottish Water. Even if you get a reduction or discount on your Council Tax, you will still have to pay water and sewerage charges.

What is the difference between a discount, reduction and exemption?

Discount

The Council Tax system assumes that there is more than one adult living in a property, but this isn't always the case and a Council Tax discount is applied if you live on your own, or with someone who is exempt (like a full-time student).

If you are unsure whether you are entitled to a Council Tax discount, contact your local Citizens Advice Bureau or go online:

www.citizensadvice.org.uk/scotland/housing/council-tax/

Reduction

Council Tax reduction is a benefit to help people who are on a low income or claiming certain benefits to pay their Council Tax bill. Your local authority runs the Council Tax reduction scheme in your area; the amounts provided across Scotland may vary.

The amount of Council Tax reduction you will get depends on many factors, including:

- > the benefits you receive
- > your age
- > your income
- > your capital and savings
- > who you live with.

- > Your Council Tax band (bands E-H may qualify you for a different type of Council Tax reduction).

If you receive income related benefits or the Guarantee Credit Part of Pension Credit, you may even get your Council Tax paid in full. However, you will still have to pay some of the water and sewerage charge which also appear on your Council Tax bill (see page 5).

If you are unsure whether you are entitled to a Council Tax reduction, contact your local Citizens Advice Bureau or go online:

www.citizensadvice.org.uk/scotland/housing/council-tax/

Exemption

There are situations where you do not need to pay Council Tax because of your personal circumstances.

You may not have to pay Council Tax if you are:

- > severely Mentally Impaired (see page 4)
- > a care leaver aged between 18 and 26
- > caring for someone, full time, in their own home who has a disability (who is not your spouse, partner or child under 18)
- > a full-time student, apprentice or a student nurse
- > if you're being looked after in a care home.

This list is not exhaustive. If you receive a Council Tax exemption, you are usually exempt from water and sewerage charges as well.

If you are unsure whether you are entitled to a Council Tax exemption, contact your local Citizens Advice Bureau or go online:

www.citizensadvice.org.uk/scotland/housing/council-tax/

Severe Mental Impairment

If you are diagnosed with a severe mental impairment (SMI) you are entitled to a full exemption: this means you do not have to pay Council Tax or water and sewerage charges.

If you live with someone who is diagnosed with a SMI and you are not exempt yourself, you may be entitled to a 25% discount (if there are no other adults in the household).

To qualify, someone must be medically certified as being ‘severely mentally impaired’ defined as having “a severe impairment of intelligence and social functioning (however caused) which appears to be permanent”.

This must be certified by a GP, but the underlying cause could be a condition such as dementia (including Alzheimer’s), severe learning difficulties, or something else. It’s important to note that having an underlying mental health condition or degenerative illness does not automatically mean a person is ‘severely mentally impaired’ (SMI). If your GP is willing to certify that you are eligible for an SMI exemption, please ask them to backdate it to when your condition first started. This means if the condition has been long term and you’ve not claimed an SMI exemption, you may be due a backdate for any Council Tax you’ve paid already.

The SMI exemption can be complicated to understand but can provide financial support to those who need it. If you are unsure whether you or someone you live with has an SMI, contact your local Citizens Advice Bureau or speak to your GP.

Water and sewerage charges

If you receive a Council Tax reduction or discount, you still need to pay for water and sewerage.

For example, even if you receive 100% Council Tax reduction, the maximum discount you will receive on water and sewerage charges is 25%. Reductions are applied automatically, but it is important that you pay these charges, so you do not end up in debt.

One notice with two bills

Scottish Water supplies drinking water and takes away wastewater for most households in Scotland, but your bill will come for your local council as part of your Council Tax Notice in February or March each year.

Receiving one Council Tax Demand which includes two bills can be confusing. It is important that you read them carefully to:

- > identify what you need to pay and when
- > avoid falling into debt for water and sewerage charges

The amount you will pay for water and sewerage charges is set by the Council Tax band of your property.

Council Tax debt

If you've missed a Council Tax payment, you are in arrears and owe money to your local council. If you ignore Council Tax arrears, your council are likely to act quickly to collect the money you owe. If your bill isn't paid, you may be issued with a Summary Warrant which means your bill will be given to the Sheriff Officer who have legal powers to collect the money owed and this may incur a 10% collection fee.

If you can't pay your Council Tax bill:

- > contact your local council and tell them about your situation. They might let you pay the debt over a longer period
- > speak to a trained adviser at your local Citizens Advice Bureau. They can offer you free advice if you are struggling to pay your Council Tax debt or if you need help paying your Council Tax bill.

Remember, public water and sewerage charges are included on your Council Tax bill, so even if you don't pay Council Tax, you could still owe money to your council.

- > check your letter to see what you're being asked to pay. The council can issue a summary warrant for water and sewerage arrears in the same way they can for Council Tax debt.

Universal credit and Council Tax

Some working households that lose money under UC will not see this translate into higher Council Tax reduction. Primarily

the households affected by this are working households with a person who lives with a disability, some households previously in receipt of ESA and some self-employed households.

What to do?

We know that the Council Tax system can be confusing, but there is a range of support available if you are struggling with Council Tax debt or if you need help paying your bill.

Contact your local Citizens Advice Bureau to speak to a trained adviser about your Council Tax entitlements or arrears.

If you're struggling to make your money last or are worried about how to pay your bills, you can get advice from the Money Talk Team to help ensure you are receiving all the money you're entitled to. You can get advice from the Money Talk Team over the phone or in person at your local Citizens Advice Bureau.

Useful contacts

- > Find your local Citizens Advice Bureau:
www.cas.org.uk/bureaux
- > Money Talk Team: **0800 085 7145**
- > CAS budget tool: **www.citizensadvice.org.uk/scotland/debt-and-money/budgeting/budgeting/work-out-your-budget/**

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