

Ministerial foreword

This consultation seeks views on the detailed design of the High Value Council Tax Surcharge (HVCTS) announced in the 2025 Budget.

In the Council Tax system, a band D property in Darlington or Blackpool, today worth around £400,000, pays £2,400 to £2,600 annually. A mansion in Mayfair valued at £10 million in Band H pays around £2,100. Previous governments have known how unjust this is, but failed to act. Through the HVCTS, those who own the most valuable properties in the country will pay their fair share.

Fewer than 1% of residential properties in England will attract the HVCTS, which will be paid by owners^{[footnote 1](#)}. Existing Council Tax bills will continue to be paid alongside.

Revenue raised through the HVCTS will be used to support funding for local government services, contributing to the government's wider programme to put local government finances back onto a sustainable footing.

We welcome feedback on the detailed design set out in this consultation. We also welcome views from local government, homeowners, tax experts, legal professionals and those in the property industry about the technical design and impact of the tax.

Steve Reed MP, Secretary of State for Housing, Communities and Local Government

Daniel Tomlinson MP, Exchequer Secretary to the Treasury

Introduction

In the 2025 Budget, the government announced a new High Value Council Tax Surcharge (HVCTS) on owners of residential property in England worth £2 million and above. The HVCTS increases the tax paid by owners of high value residential property, raising revenue from those with the 1% most valuable properties in England to support funding for local government services and to reduce the largest inequalities in the Council Tax system.

This consultation is seeking views on the detailed design of the HVCTS. The structure of the document is as follows:

- **chapter 1** provides an overview of the design of the HVCTS
- **chapter 2** seeks views on proposed scope of the HVCTS
- **chapter 3** seeks views on a deferral mechanism, to support those who cannot pay
- **chapter 4** seeks views on the billing process

- **chapter 5** seeks views on the proposed appeals process
- **chapter 6** seeks views on administration and enforcement mechanisms
- **chapter 7** seeks views on the equalities impacts of the proposed approach

Annex A sets out the list of questions this consultation seeks views on, and Annex B provides detail on the valuation approach. Annex C provides further detail on the grounds for appeal.

Background: design of the High value council tax surcharge

From April 2028 owners of residential property in England worth £2 million and above will be liable to pay the HVCTS.

The Valuation Office (VO), part of HM Revenue and Customs (HMRC), will be conducting a targeted valuation exercise to identify properties in scope. Detail on the approach to valuation is set out in Annex B.

Properties will be placed into one of 4 bands based on their property value with a corresponding charge. Charges will be uprated in line with Consumer Price Inflation (CPI) each year. Revaluations will be conducted by the VO every 5 years; the next revaluation will take place in 2033. Decisions on whether to uprate bands will be taken alongside revaluations and will therefore be for a future government.

Properties built after implementation of the HVCTS (April 2028) but before the next scheduled revaluation will be valued and banded either on completion or from the day they are occupied, as is the case with Council Tax. Properties which have been significantly improved or changed after the implementation date, for example by adding a large extension, will be revalued and banded at the sooner of either the next revaluation or sale of the property.

Table 1: High value council tax surcharge charging structure

Threshold (£ millions)	Charge (£)
£2 million to £2.5 million	£2,500
£2.5 million to £3.5 million	£3,500
£3.5 million to £5 million	£5,000

Threshold (£ millions)	Charge (£)
over £5 million	£7,500

Placing properties in bands rather than seeking to determine liabilities based on individual property valuations prioritises simplicity for taxpayers and stability in the tax base. A banded structure is also used for Council Tax.

The HVCTS will be collected by local authorities.

In the vast majority of cases we expect HVCTS to be paid by the same taxpayer as Council Tax^{[footnote 2\]](#)}. However, there are some differences. Where Council Tax is paid by occupiers of properties for the most part, HVCTS will be paid by owners of properties. The government will work closely with local government on the development of this process and is seeking detailed views on how it can best support local government in implementation, including through the introduction of new powers and access to additional sources of information.

The HVCTS is forecast to raise around £430 million of revenue per year from 2028/29^{[footnote 3\]](#)}. This revenue will support funding for local government services. Local authorities will be fully compensated for the additional costs of administering HVCTS. The government will undertake a new burdens assessment to ensure local authorities are fully funded.

Scope of the surcharge

Properties, or ‘dwellings’ valued at £2 million and above will be subject to HVCTS.

A dwelling is a self-contained unit of residential property used as living accommodation. This can include properties with a mixed use, where the residential element is distinct and self-contained. A dwelling also includes any associated gardens, garages, and private storage buildings that are mainly used for domestic purposes and form part of the dwelling as a whole.

The Local Government Finance Act 1992 provides a definition of dwelling for the purposes of Council Tax^{[footnote 4\]](#)}. This definition will also apply for the purposes of HVCTS.

Annex B sets out the VO’s approach to valuing dwellings in scope, as well as how they will treat mixed property.

Types of ownership

Owners, rather than occupiers, of properties valued as in scope of the HVCTS will be liable to pay the charge.

For the purposes of the HVCTS:

- the legal owner (that is, a freeholder or leaseholder) of a property worth £2 million or more will be liable
- where there are joint owners of a property, legal owners will be jointly and severally liable
- where a property is owned by a company, the company which legally owns the property will be liable

There are different types of property ownership; legal and beneficial. The legal owner of a property will generally have control of the asset and be entitled to its economic benefit. In some limited circumstances, there may be a separate beneficial owner who is entitled to the economic benefit of the property. For example, if the beneficial owner is a minor who cannot legally own property outright, the dwelling could be legally owned by trustees until the beneficial owner comes of age.

In most cases, properties within scope of the HVCTS have the same legal and beneficial owner and are owner-occupied. The Market Value Survey found that over 90% of properties worth £2 million or more in 2024 were owner occupied, meaning owners have full control over the property, including when to sell and realise any capital gains^{[\[footnote 5\]](#)}.

While some taxes place liability on the beneficial owner, the government does not consider this approach appropriate for HVCTS. There is no comprehensive register of beneficial ownership, which would make it difficult for local authorities to identify and bill liable parties accurately. Local authorities are well placed to identify legal ownership through existing use of HM Land Registry data. Where the legal and beneficial owner differ, there is typically a relationship between them, which could allow the beneficial owner to compensate the legal owner for the cost of the surcharge, but this is a matter for those parties to decide.

Treatment of leasehold interest

Some leaseholders will be liable

Freehold and leasehold ownership arrangements both represent legal ownership. Freeholders and one or more leaseholders can have separate legal interests in the same dwelling.

Long leaseholders have rights over property – they can live in it, let it out, or choose to sell the lease and profit from sale, subject to any restrictions in the lease. We propose that the owners of properties that are subject to a ‘long lease’ should be liable for HVCTS given their rights over the property.

The government therefore proposes that liability sits with the leaseholder in cases where the lease was initially granted for more than 21 years, or where the law treats

a lease as having been granted for more than 21 years. This will include leases granted for life, or until marriage. Where the definition of a long lease does not apply, liability for the HVCTS would sit with the freeholder.

The government recognises that the value of leases can depreciate over time and that as a result the value of a leasehold interest may not in all cases reflect the band assigned to the property. To more accurately reflect the value of an interest, an alternative approach would be to assign liability to the person with the most valuable interest in a property. However, this would require more frequent valuations and would be complex and costly to administer.

The Leasehold and Freehold Reform Act (LFRA) 2024 will support leaseholders, making it cheaper and easier to extend leases or to purchase their freehold, further strengthening leaseholders' rights and improving the transparency of the system.

Property held in trusts

Trustees will be liable to pay the charge

A property may be put into trust to provide for children, manage family wealth, or for wider estate planning. The government proposes that trustees be liable for the charge. Where there is more than one trustee, they should be jointly and severally liable. This approach is in line with other taxes, for example trustees are liable for any Income Tax or Capital Gains Tax generated by a property held in trust.

In some circumstances, such as in bare trust arrangements, beneficiaries and nominees have an absolute right to the property and any income from it, and they can direct the trustee how to deal with it. However, the beneficiaries of bare trusts are often children, and it would be challenging for local authorities to identify them given there is no public record. On this basis, the government proposes that even in bare trust arrangements, the trustees remain liable. It is likely trustees and beneficiaries are known to each other, which could allow the beneficiary to compensate the trustee for the cost of the surcharge, if required.

Consultation questions

Question 1

Do you agree the legal owner should generally be liable for HVCTS?

Response options:

- a) yes
- b) no, please provide detail

No answer.

Question 2

Do you agree that liability should sit with the leaseholder where the lease has been granted for more than 21 years (recognised as a “long lease”), or where the law treats a lease as having been granted as such?

Response options:

- a) agree, leaseholders where the lease was initially granted for more than 21 years, or where the law treats a lease as having been granted for more than 21 years should be liable
- b) disagree, leaseholders with a different minimum term should be liable. Please provide detail
- c) disagree, a different approach to assigning liability between freeholder and leaseholder, please provide detail

No answer

Question 3

Are there forms of leases, within or outside of the categories mentioned above, where different treatment should be considered?

Response options:

- a) yes, please provide detail
- b) no

No answer

Question 4

Do you agree that in trust arrangements trustees should be liable for HVCTS?

Response options:

- a) yes
- b) no, please provide detail

No answer

Supporting those with limited ability to pay

Liability for HVCTS is based on the ownership of a high-value asset rather than the income of homeowners. The government recognises that a small number of homeowners may find paying HVCTS more challenging.

This might include individuals who bought or inherited their home, but who now have lower income, or those who experience a temporary change in circumstances such as job loss or ill health.

The government will make a deferral scheme available which permits payment of HVCTS to be delayed until disposal of a property, where individuals meet specific eligibility criteria.

Discounts or reductions which are used in the wider Council Tax system will not be replicated for HVCTS.

Deferral schemes are used in other countries in respect of similar charges, such as in Ireland and Canada. In England, Deferred Payment Agreements (DPAs) are a similar concept in respect of adult social care costs which allow individuals to delay accessing equity in their home to pay for their care. Local authorities will assess eligibility for the HVCTS deferral scheme against nationally set criteria.

This chapter seeks views on the eligibility criteria, duration and exit points for the scheme.

Deferral eligibility criteria

Deferral of HVCTS charges will be available to owners in respect of their primary residence where they meet specific criteria. Deferral will not be available in respect of second homes or to companies which own property.

As the deferral scheme will be targeted at those who cannot immediately pay, or for whom moving may be difficult, the government proposes criteria is based on an income or capital threshold or where someone in the household meets defined disability criteria.

Income and capital thresholds

The government proposes a household income threshold of £35,000, consistent with thresholds used in the welfare system (for example, Winter Fuel Payments). The government also proposes aligning capital savings limits with pension age Council Tax Support, which has a limit of £16,000.

The government proposes that deferral be available to households with:

- **an annual household income of £35,000 or less**
- **capital savings of £16,000 or less**

An alternative option would be to align income and capital thresholds with the wider welfare system, such as those receiving Universal Credit (UC) or Pension Credit. This would be administratively complex for local authorities, as UC has no single income threshold and Pension Credit uses multiple income and capital rules.

Application process and evidence

For homeowners who believe they are eligible and wish to apply for HVCTS deferral, local authorities will require evidence to assess eligibility. This can be in the form of certificates, documents, information or evidence in connection with an application. As an illustrative example, the types of evidence often required include:

- evidence of earnings – such as payslips or statement of earnings from employers; or, for self-employed taxpayers, local authorities often ask for the previous financial year's accounts prepared by an accountant or self-employed earnings declarations
- evidence of savings and capital – such as statements for all bank and building society accounts, savings accounts and proof of any investments, including evidence of pensions

Disability criteria

Deferral will also be available in certain circumstances where the property is the main home of someone who is disabled or severely mentally impaired.

Eligibility could be based on the same criteria as for the equivalent Council Tax discounts and exemptions which apply to those who:

- **are severely Mentally Impaired, in line with existing Council Tax definitions.** In Council Tax, a taxpayer is required to provide a certificate from a medical professional, such as a GP, and prove their eligibility for certain benefits^{[footnote 6\]](#)}; or
- **meet criteria of the Council Tax Band Reduction Scheme**, which requires evidence the property has either: an extra bathroom, kitchen or other room that is needed for the disabled person; or extra space inside the property for using a wheelchair^{[footnote 7\]](#)}

In response to the [recent consultation on Council Tax modernisation](#), the government committed to changing the name of the Severely Mentally Impaired Council Tax regard. Those changes will be reflected in the HVCTS.

Duration of, and exit from, deferral

The government proposes that deferral continues to be available for both eligible homeowners at the point of HVCTS introduction, and those who become eligible in future.

When the HVCTS is introduced, we expect that a proportion of existing homeowners who meet the eligibility criteria may choose to defer their liability. While deferral could be limited to this group, the government recognises that a range of circumstances – such as job loss or temporary ill health – could affect both current and future homeowners and therefore considers it appropriate for deferral to remain available.

Eligible homeowners will be able to defer their liability until the point of ownership change. Taxpayers will have the option to end deferral at any point and settle their liability earlier if they wish, before the point of sale.

Practical implementation

The administration of deferrals for HVCTS payments will operate in a similar way to Deferred Payment Agreements (DPAs) for adult social care.

There are 3 key features the government intends to replicate for HVCTS:

1. Equity check

The individual must have sufficient equity in the property to ensure deferred payments can be recovered. For DPAs, local authorities can allow deferred amounts up to 90% of the value of the asset, minus any existing charges (like a mortgage), less the lower capital limit.

2. Interest

For DPAs, interest is charged throughout the lifetime of a deferred payment. The interest rate on HVCTS deferrals will be set at a national level. The government is seeking views on what the appropriate interest rate should be.

3. Secured debt

A charge is taken on the property to secure deferral debt, ensuring it is paid on disposal of the property.

Consultation questions

Question 5

Do you agree with the proposed income (£35,000) and capital (£16,000) thresholds for deferral?

Response options:

- a) yes
- b) no, thresholds should be higher. Please provide detail
- c) no, thresholds should be lower. Please provide detail

Historic England advises that consideration is given to a higher threshold for listed buildings in order to avoid any unintended consequence of harm to heritage protection, subject to the findings of an assessment of the impact of the proposed HVCTS on the maintenance affordability of listed building owners.

Listing celebrates and protects the nation's most important buildings of special architectural and historic interest. It is a system that recognises the positive contribution these buildings make to the country. Most listed buildings are in private ownership, with the majority of those being in residential use. Some of these buildings offer public access, but even where they do not, they make a positive contribution to the local environment visually and culturally. Historic England knows through its own research that many owners struggle with maintenance costs yet feel a strong sense of responsibility for caring for their buildings. A survey carried out in 2022 found that 64% of respondents struggled to maintain their listed home despite their very high (89%) levels of pride in their stewardship, with affordability the main reason for their struggle.

The imposition of the HVCTS has the potential to make it harder for these owners to continue to undertake the necessary maintenance and repair to safeguard their listed buildings. It is in the public interest to ensure listed buildings are kept in good condition due to the wide range of positive economic, social and environmental

benefits they provide for local communities. At present, there is no clear evidence on the impact of the HVCTS on number of listed buildings affected or extent of impact on maintenance affordability of listed building owners. Therefore, we would welcome the opportunity to work with MHCLG, HMT and HMRC colleagues in undertaking research that would help us to answer these questions. This would enable the implications of these proposals on the nation's most important historic buildings to be fully understood and inform any appropriate threshold mitigation measures to be put in place.

Question 6

Do you agree that deferral should be available to homeowners who meet the income **or** savings thresholds?

Response options:

- a) yes
- b) no, deferral should only be available to homeowners who meet the income and savings thresholds

No answer

Question 7

Do you agree with the proposed disability-based criteria, aligned with existing Council Tax criteria?

Response options:

- a) yes
- b) yes, but with additional categories. Please provide detail
- c) no, please provide detail

No answer

Question 8

Can you foresee any circumstances where the proposed deferral scheme is not sufficient? Please provide evidence to support your views.

Response options:

- a) yes, please provide detail
- b) no

We note that eligible homeowners would be able to defer their liability until the point of ownership change. We advise that consideration is given to including a mechanism that allows deferral to pass from generation to generation in the instance of listed buildings, taking account of public access and/or significance (for example, limiting the scheme to Grade I and Grade II* buildings). Such a mechanism would help to ensure these important cultural assets are preserved for public benefit by preventing a forced sale and/or dispersal of individual heritage assets or collections.

Question 9

Do you agree that change of ownership should be the default end point for deferral?

Response options:

- a) yes
- b) no, please provide detail

No answer

Question 10

For deferred payments, do you have views on what level should the interest rate be set at?

Response options:

- a) the government should apply the HMRC Official Rate of Interest - currently 3.75%
- b) the government should apply the Bank of England base rate as set in April of a given financial year - currently 3.75%
- c) the government should apply the rate used in DPAs for adult social care - currently 4.75%
- d) the government should use another rate - please provide detail
- e) no view

No answer

Question 11

What additional resources do you anticipate local authorities may need access to in order to deliver the proposed scheme?

Free text response.

No answer

Property level exemptions and discounts

The government recognises that there are certain types of residential property which should not be in scope of the HVCTS. There are 2 ways to address this:

Exemptions

Exemptions will apply to property types with specific characteristics that are unlikely to change, and which are not intended to be in scope of HVCTS. The VO will not value exempt properties.

Discounts

Discounts (of up to 100%) will apply where eligibility depends on use or circumstances which are more likely to change over time. The VO will value the property, with owners applying to their local authority for the relevant discount. Local authorities will be responsible for administering, reviewing and withdrawing discounts.

The government proposes offering a discount or exemption to the following properties:

- purpose built halls of residence, provided predominantly for the accommodation of students
- property owned by the Ministry of Defence (MoD) predominantly for the accommodation of armed forces or those from a visiting force
- property owned by a sovereign nation predominantly for the accommodation of diplomats
- property owned by a registered social housing provider
- property owned predominantly for the accommodation of those receiving long-term care such as care homes, long-stay accommodation in hospitals and hospices
- property owned predominantly for the accommodation of those seeking refuge from domestic violence
- new build property owned by a developer, with the exemption or discount applying until the sooner of the point of first sale or twelve months after the completion notice was issued

Property owned in relation to employment

The government is seeking views on when it might be appropriate to offer a discount to people who own a property, sometimes referred to as tied property, because of their employment.

In some sectors, particularly agriculture, business owners may need to live on the site where their business operates for practical reasons. For example, a farmer may need to own and live in a home located on their farm.

Outside agriculture, it is less common for ownership and occupation to coincide. For example, accommodation used to house members of a religious institution is typically owned by the institution rather than those occupying it.

Property owned for charitable purposes

The government is seeking feedback on when it might be appropriate to offer a discount to property owned for charitable purposes. Some charities own residential property mainly for providing accommodation to people in need, for example, charities which provide housing for those who are homeless or to young adults who have left the care system. In the business rates system, a charitable purpose test is

used to provide a discount to property which is occupied by a charity and used wholly or mainly for charitable purposes. This prevents misuse of charitable discount and limits scope for avoidance.

Application and evidence

Owners of property which qualify for a discount will need to provide evidence to their local authority at the point of application. Local authorities could require sight of documents, for example contracts which demonstrate building use; or proof of registration, for example with the Care Quality Commission or register of social housing providers.

Consultation questions

Question 12

Do you agree with the proposed property types to be exempted from or discounted under HVCTS?

Response options:

- a) yes, please provide detail
- b) no, some should not be included. Please provide detail
- c) no, additional categories should be included. Please provide detail

Historic England is concerned about the potential impact of the proposals on some listed building owners' ability to pay for the cost of maintaining a listed building in good condition. However, we are not of the opinion that a blanket exemption for all listed buildings would be a practical solution. Instead, we have suggested in answer to Questions 5 and 8 mitigation measures for payment deferral for owners of listed buildings in certain circumstances.

Question 13

Noting exemptions will only apply to property types with specific characteristics that are unlikely to change, do you have views on which properties in the proposed list should be exempt and which should be discounted?

We would refer you to our answer to Question 12.

Question 14

Is there a case for providing a discount to tied properties?

Response options:

- a) yes, please provide detail on the types of tied property you think should receive a discount
- b) no

No answer

Question 15

Is there a case for providing a discount to charities where they meet a charitable purpose test?

Response options:

- a) **yes**
- b) no, charities should not receive a discount
- c) no, charities should receive a discount on different grounds

Some residential priorities of historic interest will be managed through charitable bodies. We can see a case for exempting charities, helping them to afford the general upkeep costs of maintaining a historic building.

Question 16

What types of evidence would it be possible for taxpayers to provide to demonstrate eligibility for relevant discounts?

No answer

Question 17

What additional resources (for example, extra information) do you anticipate local authorities may need in order to assess eligibility for a discount?

No answer

Billing process

The VO will publish a 'draft list' of properties in scope for HVCTS to support local authorities in preparing bills and to enable property owners to identify whether their property is in scope. More information on the valuation approach is set out in Annex B.

Local authorities will identify owners, as defined in chapter 2, sending the first bills out to liable owners in March 2028. Owners will be able to contact their local authority for information on deferral and discounts in advance of their first bill or at any time if their circumstances change.

The HVCTS will be collected by local authorities on the same billing cycle as Council Tax and can be made in instalments, with the beginning and end aligned with the financial year, which starts on 1st April. From 2028, this will be 12 monthly payments by default, but taxpayers can request 10 payments.

The government will work closely with local authorities to support them to put in place mechanisms to do this before 2028.

Identifying owners in complex structures

Local authorities are well placed to identify legal owners and already do so when applying the second or empty homes premium in Council Tax, using HM Land Registry Data. However, the government recognises there may be a small proportion of cases where ownership of a property is not transparent.

For Council Tax, local authorities can require certain persons to provide information identifying who is liable for Council Tax, with a £70 penalty for failing to do so or for knowingly providing inaccurate information. The government considers that there is a good case for applying a higher level of penalty to reflect that in some cases the HVCTS liability may be significantly higher than the current Council Tax liability, and the incentive to withhold information therefore greater. The government proposes to legislate to introduce powers for local authorities to impose a penalty charge, applying to persons who appear to the billing authority to be owners and on whom a notice requesting information about who is liable has been served, of 10% of an annual HVCTS liability following a period of 21 days, rising to 30% following a further 21 days. Penalties will be issued at LA discretion and there will be right of appeal to the Valuation Tribunal.

To identify taxpayers liable to HVCTS, local authorities may contact people they believe to be owners of a property. If a request for information is not answered in time, or knowingly false information is provided, a penalty may be imposed on the person believed to be the owner. No penalty would be imposed if the person the LA believed may be the property owner but is not replies within 21 days clarifying that they are not the owner. A penalty may also apply if a liable person fails to correct an incorrect assumption about an exemption, discount or premium within 21 days of becoming aware it is incorrect.

LAs may also contact residents of properties, managing agents, or others who they believe may have information which could help identify the owner of a property. Although they will be encouraged to respond no penalty will apply where they do not.

Non-resident premium

In the Council Tax system, premiums (additional charges on top of the standard bill) can be used to support housing policy objectives. For example, councils have discretion to apply an empty homes premium to properties left empty and unfurnished for extended periods, and a second homes premium to homes that are secondary to a homeowners main residence. Both of these premia seek to encourage more efficient use of existing housing stock.

In high-pressure housing markets, particularly in areas such as London, there is interest in understanding whether demand from non-UK resident owners may be contributing to pressures on housing availability and prices.

Depending on the evidence base, the government is interested in exploring whether there could be a case for applying an additional HVCTS premium to non-UK resident owners of homes liable for the tax.

Consultation questions

Question 18

Do you have views on the proposed system of penalties set out above?
What else would most help local authorities administer HVCTS efficiently?

No answer

Question 19

Noting the need to balance fairness with incentivising the provision of accurate information, do you have views on whether the penalty outlined in this section is sufficient?

Response options:

- a) Yes
- b) No, penalty should be higher or lower. Please provide detail

No answer

Question 20

Would allowing LAs to apply a penalty to other individuals (such as managing agents) to support compliance with information requests help identify hard-to-find owners? If so, what would an appropriate penalty level be?

Response options:

- a) No, penalties should only apply to owners
- b) Yes, LAs should be able to apply penalties on others. Please provide detail and views on an appropriate level.

No answer

Question 21

Do you have any evidence on the housing market impacts of non-UK resident owners in high pressure housing markets?

No answer

Question 22

Do you think the government should explore charging an additional High Value Council Tax Surcharge premium on non-UK resident owners of homes liable for the tax? Please explain your answer.

No answer

Question 23

What do you think the potential impacts of such a premium could be?

No answer

Challenges and appeals

There may be instances where homeowners may wish to dispute a banding decision (including whether a property is in scope) or their liability with the relevant body (this is called making a challenge). If they are not happy with the outcome of their challenge, then they can appeal to the Valuation Tribunal for England (VTE).

As with Council Tax, owners will be able to challenge and appeal where they believe:

- their property band is incorrect; or
- some other alteration to the list of properties in scope of HVCTS and their bands is needed (such as a property added or removed).

Those in receipt of a HVCTS bill will be able to challenge and appeal where they believe:

- they are not the liable person; or
- their bill or liability has been calculated incorrectly.

A full list of proposed grounds for challenge and appeals is set out in Annex C.

The VO will decide which HVCTS band a property falls into, and local authorities will bill homeowners on this basis. Design of the challenge and appeals system will reflect this approach to decision-making. The VTE acts as an independent body for dispute resolution and already manages appeals in relation to Council Tax.

Homeowners who believe they have been incorrectly billed or banded for HVCTS can first submit a challenge to the body that made the relevant decision. The VO or relevant local authority will consider the challenge and have a statutory timeline for responding. They will either amend the HVCTS bill or band or explain why, in their view, the original decision is correct.

Similarly to Council Tax, the government proposes that if a homeowner is not satisfied with the VO's decision on the banding, or an alteration that affects their band, they can appeal the VO's "challenge" decision to the VTE. We propose that to increase transparency, the evidence on banding should be provided at the challenge stage (section 6.4). In addition, if a homeowner is not content with a local authority's decision on their liability for HVCTS, they may appeal the authority's decision to the VTE. The government proposes that this approach to determining CT appeals for banding, alteration and liability to the VTE should also apply to the HVCTS.

As with Council Tax, where an individual submits a challenge or appeal they will be required to continue paying HVCTS. Pausing collection whenever a dispute is raised would be administratively burdensome and risk incentivising speculative challenges.

Any overpayments will be refunded or liabilities adjusted where a bill or banding is later amended.

Timeframes to challenge

To reflect that HVCTS is a new charge, homeowners will be given an initial 8-month period to challenge banding.

After this, a standard 6-month challenge period will apply, in line with Council Tax. The 6-month period starts when a taxpayer receives a new banding, including following a revaluation, a change by the VO, or when a new owner first becomes the taxpayer for a property.

Challenges about who should pay, whether a property should be included or exempt, or whether a homeowner qualifies for deferral, are not time limited, as these circumstances can change at any time.

Responses to challenges

For Council Tax, there are set timeframes for responding to challenges.

The VO must respond to banding challenges within 4 months. If they disagree with the VO's decision, homeowners have 3 months to appeal to the Valuation Tribunal.

Local authorities must respond to liability challenges within 2 months. If they disagree with the authority's decision, taxpayers have 2 months to appeal to the Valuation Tribunal. If they do not receive a response from the authority within 2 months, taxpayers can appeal to the Valuation Tribunal within 4 months of first contacting the council.

The government intends to apply these timeframes for HVCTS but will keep them under review given their interactions with other proposals set out in consultation.

Revaluations

HVCTS revaluations will take place every 5 years. After a new list is published, challenges to the previous list must be submitted within 9 months. The previous list can be challenged beyond the 9 month window in limited circumstances, for example due to a relevant court decision or in response to VO amendments (such as amending the band of a property or splitting it).

Evidence sharing

To help taxpayers decide whether to challenge their Council Tax band, the government is considering how more information could be shared during the challenge process.

This could include:

- the VO sharing key details they hold about a property at draft list stage, such as the property type, size and number of bedrooms, allowing homeowners to check and query information they believe to be incorrect
- asking homeowners to provide evidence to support a challenge, such as examples of similar properties with a different band, or evidence of relevant property sales. Estimates from estate agents or property listing websites would not be accepted as evidence
- the VO providing homeowners with evidence used to support the banding decision, helping homeowners understand why the decision has been taken and whether to proceed with their challenge

The government considers it important that banding challenges and appeals operate consistently across Council Tax and the HVCTS and recognises concerns surrounding the process for challenging and appealing Council Tax bands. The government committed to investigating this issue further as a part of this consultation. The government will consider how the existing banding appeals process can be improved and aligned with the HVCTS.

Corrections to property details ahead of implementation

The VO will publish a draft list of properties in scope of the charge in late 2027. On publication of the draft list, homeowners will be able to contact the VO to correct any factual inaccuracies relevant to the banding decision; and the VO can make corrections where appropriate without the need for a formal challenge. The VO will consider and respond to representations submitted in reasonable time during the draft list period, ahead of the publication of the final list and the issue of bills. Once the final list has been published, homeowners will be able to challenge their banding through the formal challenge process.

Consultation questions

Question 24

How easy or difficult do you think it would be for owners to obtain and provide the evidence needed to support a band challenge (for example, similar properties with different bands, or sales information for similar properties from 2026)?

Response options:

- a) Very easy
- b) Owners could provide some evidence. Please provide detail
- c) Difficult, owners would struggle to provide evidence. Please provide detail

No answer

Question 25

Do you agree sharing information earlier in the dispute process about property banding would help to resolve disputes?

Response options:

- a) Yes
- b) No, please provide detail

No answer

Question 26

What could help homeowners feel confident that a challenge or appeal has been handled fairly and independently, even where the decision is not changed?

No answer

Question 27

Do you agree with the approach that homeowners should be able to appeal the VO banding and alterations decision and local authority's decision on liability to the Valuation Tribunal?

Response options:

- a) Yes
- b) No, please provide detail

No answer

Enforcement

The government recognises that most people want to pay their tax on time. However, some homeowners may not do so, either deliberately or because they lack the means to pay.

Local authorities have strong enforcement powers for Council Tax, resulting in a high national collection rate of 96%^{[footnote 8](#)}. Where payments are missed, councils can issue reminder notices or demand payment of the full annual balance. In cases of persistent non-compliance, councils may apply to the magistrates' court for a liability order, enabling enforcement action such as attachment of earnings or the use of enforcement agents. Further information on the [enforcement process for Council Tax and planned changes](#) is available.

To support effective collection of the HVCTS, the government intends to replicate the existing Council Tax enforcement framework, with necessary modifications, including the changes the government intends to make as set out in the response to the consultation on modernisation of Council Tax.

Consultation questions

Question 28

Councils will require powers to enforce payment of the tax. Do you agree powers should align to those currently available in Council Tax?

Response options:

- a) Yes
- b) No, please provide detail

No answer

Equalities impact assessment

Public bodies have a duty under the Equality Act 2010 to consider the needs of people who share particular protected characteristics.

The 3 objectives under the Public Sector Equality Duty (PSED) are to:

1. eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act
2. advance equality of opportunity between people who share a particular protected characteristic and people who do not share it
3. foster good relations between people who share a particular protected characteristic and people who do not share it

The above requirements apply to the following protected characteristics:

- age
- disability
- gender reassignment - pregnancy and maternity
- race
- religion and belief - sex and sexual orientation

Potential impacts of the HVCTS

The government is seeking views on whether there may be any disproportionate impacts on people sharing protected characteristics.

Consultation questions

Question 29

Do you have views on whether any of the proposals in this consultation will have any disproportionate impacts on persons who share a protected characteristic?

No answer

Annex A: Full list of questions

Question 1

Do you agree the legal owner should generally be liable for HVCTS?

Question 2

Do you agree that liability should sit with the leaseholder where the lease has been granted for more than 21 years, or where the law treats a lease as having been granted as such?

Question 3

Are there forms of leases, within or outside of the categories mentioned above, where different treatment should be considered?

Question 4

Do you agree that in trust arrangements trustees should be liable for HVCTS?

Question 5

Do you agree with the proposed income (£35,000) and capital (£16,000) thresholds for deferral?

Question 6

Do you agree that deferral should be available to homeowners who meet the income or savings thresholds?

Question 7

Do you agree with the proposed disability-based criteria, aligned with existing Council Tax criteria?

Question 8

Can you foresee any circumstances where the proposed deferral scheme is not sufficient? Please provide evidence to support your views.

Question 9

Do you agree that change of ownership should be the default end point for deferral?

Question 10

For deferred payments, what level should the interest rate be set at?

Question 11

What additional resources do you anticipate local authorities may need access to in order to deliver the proposed scheme?

Question 12

Do you agree with the proposed property types to be exempted from or discounted under HVCTS?

Question 13

Noting exemptions will only apply to property types with specific characteristics that are unlikely to change, do you have views on which properties in the proposed list should be exempt and which should be discounted?

Question 14

Is there a case for providing a discount to tied properties?

Question 15

Is there a case for providing a discount to charities where they meet a charitable purpose test?

Question 16

What types of evidence would it be possible for taxpayers to provide to demonstrate eligibility for relevant discounts?

Question 17

What additional resources (for example, extra information) do you anticipate local authorities may need in order to assess eligibility for a discount?

Question 18

Do you have views on the proposed system of penalties set out above? What else would most help local authorities administer HVCTS efficiently?

Question 19

Noting the need to balance fairness with incentivising the provision of accurate information, do you have views on whether the penalty outlined in this section is sufficient?

Question 20

Would allowing LAs to apply a penalty to other individuals (such as managing agents) to support compliance with information requests help identify hard-to-find owners? If so, what would an appropriate penalty level be?

Question 21

Do you have any evidence on the housing market impacts of non-UK resident owners in high pressure housing markets?

Question 22

Do you think the government should explore charging additional High Value Council Tax Surcharge premium on non-UK resident owners of homes liable for the tax? Please explain your answer.

Question 23

What do you think the potential impacts of such a premium could be?

Question 24

How easy or difficult do you think it would be for owners to obtain and provide the evidence needed to support a band challenge (for example, similar properties with different bands, or sales information for similar properties from 2026)?

Question 25

Do you agree sharing information earlier in the dispute process about property banding would help to resolve disputes?

Question 26

What would help homeowners feel confident that a challenge or appeal has been handled fairly and independently, even where the decision is not changed?

Question 27

Do you agree with the approach that homeowners should be able to appeal the VO banding and alterations decision and local authority's decision on liability to the Valuation Tribunal?

Question 28

Councils will require powers to enforce payment of the tax. Do you agree powers should align to those currently available in Council Tax?

Question 29

Do you have views on whether any of the proposals in this consultation will have any disproportionate impacts on persons who share a protected characteristic?

Annex B: Valuation approach

Introduction

This annex sets out an overview of how properties will be valued and placed in a band for the HVCTS.

The VO is part of HMRC and is responsible for taking decisions on which band a property will be placed in.

Valuation approach

Which properties will be placed into a HVCTS band?

The surcharge applies to domestic dwellings, including houses and flats, which have a value of £2 million or more in 2026. This can include properties with a mixed use, where the residential element is distinct and self-contained. Properties which are exempt will not be banded.

How will a band be decided?

The VO will use the comparable method to determine HVCTS bands, looking at the sales prices of similar properties and adjusting for differences between properties. This is the same method used for Council Tax. Although HVCTS will look at recent sales evidence in deciding a band, the VO will always consider the range of

available evidence such as property attribute data and does not rely solely on individual sales price.

How will band decisions be made efficiently?

To support efficient and consistent banding decisions, the VO will use a model-assisted valuation approach, combining automated valuation models (AVMs) with professional valuer judgement.

AVMS are developed, refined and tested by professional valuers and use recent sales data and property characteristics to produce initial estimates of value. The use of AVMs is well established with valuation practice internationally and supports more efficient and timely delivery of valuations. The VO is experienced in large scale valuation exercises and has developed an independently accredited AVM to support its domestic valuation work.

HVCTS banding decisions will be made by the VO, with professional valuers involved at every stage. The AVM will be used as a supporting tool to help identify properties likely to be within scope of the tax and to give a first estimate of their value, which will then be reviewed and assured by valuers to ensure accuracy.

In areas of the country where there is strong sales data available and many comparable properties, AVMs can be used more broadly. Where sales evidence is more limited or properties are less typical, valuers will place more emphasis on individual property information to ensure banding decisions remain accurate and consistent.

What data about properties will be used in band decisions?

To band properties accurately, the VO needs reliable information about each property's characteristics and recent sales of similar properties. This includes details such as property type, size, age, number of rooms and parking, alongside sales evidence.

The VO will draw on its long-established property database, alongside data from sources such as Stamp Duty Land Tax. It will also use additional data sources including publicly available plans from local authorities and geospatial data provided by the Government Digital Service. The VO will continue to review its data sources to ensure it uses the best available data for HVCTS band decisions. This is not an exhaustive list of data sources used.

In some cases, the VO may contact the property owner to request confirmation or clarification of property details where this supports accurate banding decisions. The government intends to replicate the established Council Tax framework including appropriate safeguards and processes.

What happens after 1 April 2028, when HVCTS comes into effect?

From April 2028, the VO will keep the HVCTS list up to date by adding new homes and recording changes to properties, such as demolitions, extensions, renovations, or where homes are split into multiple dwellings or merged into one. In most cases a

property's HVCTS band will not change to reflect improvements alone until it is sold, split or merged, or a general revaluation takes place, so owners are not penalised for improving or maintaining their homes.

There will be clear processes for taxpayers to challenge their band and to notify the VO of changes that may affect it, as set out in the consultation - see chapter 6 on challenges. Revaluations will take place every 5 years.

Annex C: Grounds for appeal

HVCTS list: homeowners can raise a challenge with the VO if they think the property list is wrong because:

- a property should not be in the list
- a property is missing from the list
- a property is in the wrong band
- the property was significantly improved, then later sold, and this has not been reflected
- there has been a significant change to the property (for example, it has been reduced in size, or there has been a physical change in the local area) which reduces the value
- the list does not take account of a relevant Valuation Tribunal or court decision
- the property has changed how it is used, for example: it has become partly residential and partly business use, or a change to how much of the property is used as a home

HVCTS liability: homeowners can challenge their council if they think their HVCTS bill is wrong because:

- they should not be liable for HVCTS
- the amount they have been charged is incorrect
- the council has applied deferral or discounts incorrectly

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the

Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation. In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the department is bound by the information access regimes and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will at all times process your personal data in accordance with UK data protection legislation and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included below.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can im