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Dear Constituent,

Thank you for contacting me about council tax reform and the proposal for a proportional property tax.

I read the proposal with interest and it raises important points about fairness in our tax system. However, as I understand it, evidence about how the proportional property tax would work in England shows that a lot of places that are low-income areas but also experiencing rising house prices would be hit very hard, even places with high levels of deprivation and low household incomes. If house prices were to rise in an area, low-income households would quickly see their bills rise at staggering rates well above increases to their income.

Another issue to consider is that excessive council tax increases are kept in check by referendum principles, which could not be done under the proposed property tax system. If house prices begin to rise in an area, low-income households would quickly see their tax bills rise at staggering rates well above increases to their income.

Even if the new proportional tax was to be paid by property owners rather than tenants, it is highly likely that this would simply be passed on back to tenants in rent increases, as property owners still need to make mortgage payments.

On second homes and vacant homes, 95% of second homes are already charged full council tax and vacant homes can be charged double the council tax rate if these are empty for two or more years. Council tax is a valuable source of revenue for local councils and it is important that they have the discretion to raise or lower council tax rates based on the needs in their local area.

Thank you again for taking the time to contact me.

Yours faithfully,

CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY