

An Affordable, Fair and Efficient Replacement for Council Tax.

Summary

The current property-based Council Tax system forces lower income households to subsidise higher income households.

This is unfair, unjust and politically unacceptable in a Western Democracy in the 21st century..

Council Tax is based on an impossible to justify assumption that a domestic dwelling's market value defines the disposable income available for the taxation of the occupants of that dwelling. Thus the tax, in reality, is not based on ability to pay.

Also, the complex property valuation process and the 'Banding' system are distorted in such a way that the bulk of the tax falls on lower value dwellings, enabling owners of the more valuable half of the UK housing stock, who tend to enjoy higher incomes, to enjoy a 'capped' level of tax.

The tax therefore does not collect as much revenue as it could from the wealth of the country, but at the same time absorbs huge administrative costs, reducing the availability of local services.

Many arguments are put forward in support of Council Tax and against any replacement system. Most of these assertions can be shown to be false.

It is quite possible to define the requirements for a fair and efficient tax system and to propose ways in which such a system could be implemented, while satisfying most of those involved.

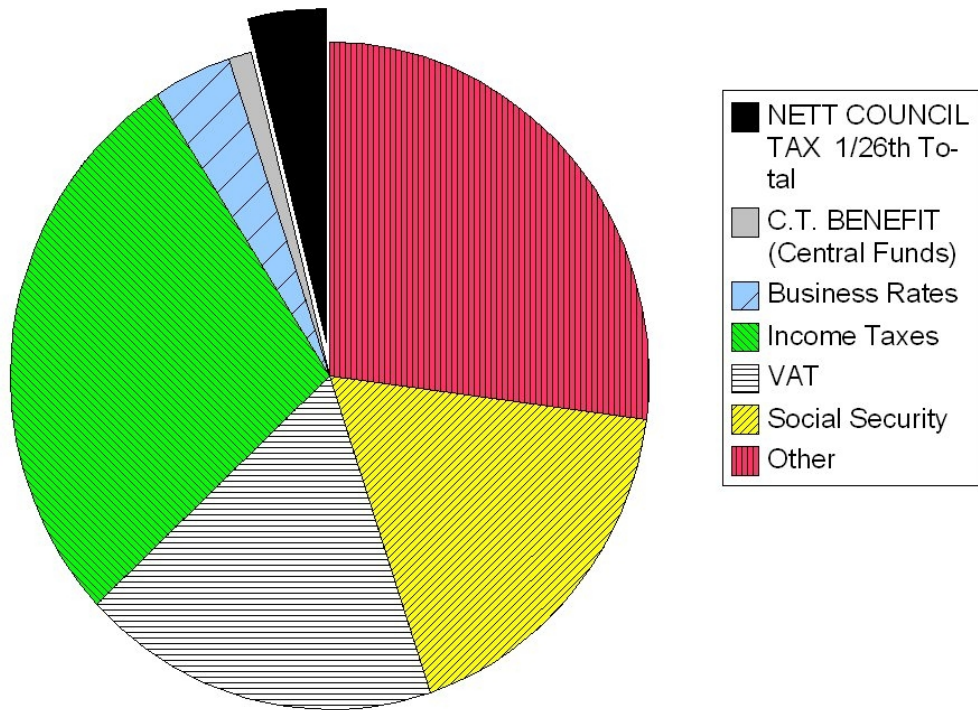
A small independent body, working with Government Revenue Departments, could develop such a system within one year and oversee the subsequent phase-in over the following 3 years.

The result would be a fairer and more just society, particularly for those on a lower income, together with more money available to fund local services.

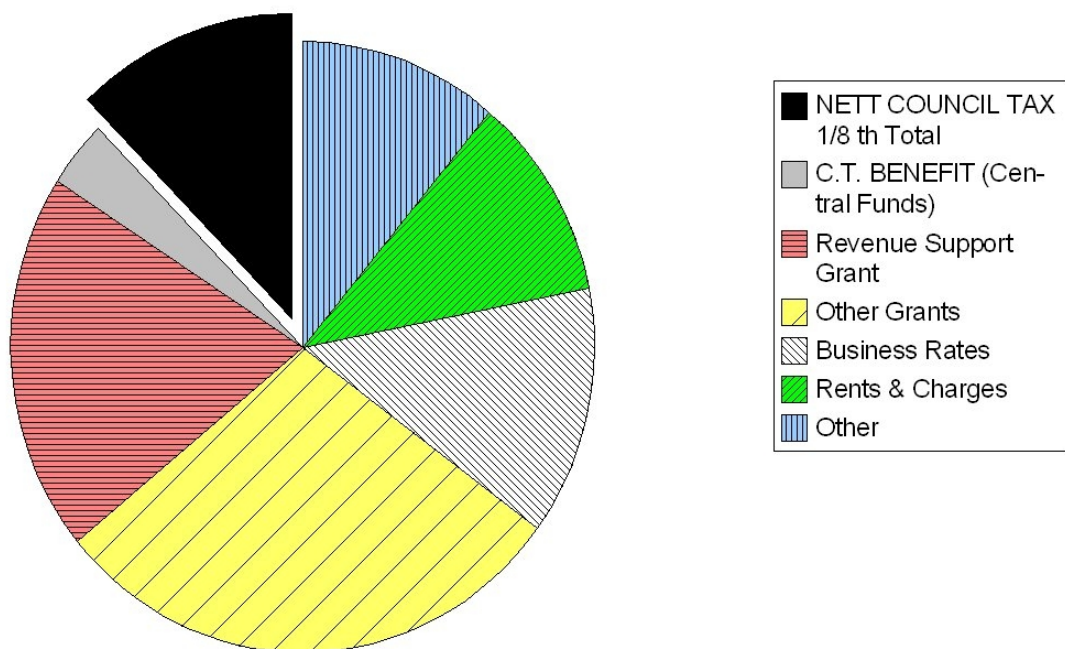
The only thing standing in the way of this possibility is a lack of political will, honesty and humility.



U.K. Total Tax Receipts (including Council Tax Benefit)



Local Authority Income by Source (including Council Tax Benefit)



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References :

- Ref 1 Lyons Review Final Report
http://www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm
- Ref 2 North Sea Corporation Tax
<http://barnett-formula.com/snpdec2006budget.aspx>
- Ref 3 T1.2 HM Revenue & Customs annual receipts
http://www.hmrc.gov.uk/stats/tax_receipts/table1-2.pdf
- Ref 4 T3.4 Income Tax liabilities of taxpayers
http://www.hmrc.gov.uk/stats/income_distribution/table3-4-jan08.pdf
- Ref 5 Table 4.1 Current Revenue Scotland 2006-07 (also includes full UK data)
<http://www.scotland.gov.uk/Resource/Doc/228544/0061858.pdf>
- Ref 6 Table 3 : Council Tax and non-domestic rates - collection amounts & rates : England 2006-07 and 2007-08
[_http://www.local.communities.gov.uk/finance/ctax/cp078.htm](http://www.local.communities.gov.uk/finance/ctax/cp078.htm)
- Ref 7 Council Tax : The Good, the Bad and the Ugly. An illustrated computerised presentation.

1) Major Problems and inefficiencies with the current Council Tax system

a) The tax is regressive and collects a lower level of revenue than it could

The domestic dwelling Council Tax system is based largely on the value of the individual property. Unfortunately houses, flats and bungalows used solely as family dwellings do not generate any income so the payment in reality falls onto the incomes of the property owners and occupiers.

The major unfairness of the property-based Council Tax is that it is regressive. That means the tax is imposed in such a manner that the tax rate decreases as the amount subject to taxation increases.

Thus a larger percentage is taken from the incomes of low-income people than from the incomes of high-income people. In other words, people on low incomes are subsidising people on higher incomes.

In the U.K. many people are having to decide whether to heat their home or to have a decent meal each day, yet these same people are subsidising others who are deciding on their 3rd holiday of the year, or planning their £25,000 wedding. This is a national and political disgrace.

Also, the tax has a relatively low cut-off value, with the tax income from the highest valued dwelling being only three times that from the lowest valued dwelling. This is a far smaller multiple than actually exists between the various incomes in the country, so significantly less revenue is collected than the wealth of a region or the whole country would allow, to the detriment of all local residents.

b) The tax is closely dependent on the wealth of the local region and it's geography.

Published Government statistics show dramatic variations in overall regional wealth around the country. One interesting pointer to this is the effect of an extra 1p supplement on Business Rates in various regions around the U.K. (Ref 1 Page 298)

In Westminster this would raise £24 million per year, in Kent £10 million, in Somerset £3 million and in Torbay £0.7 million. To some degree this variation in wealth is reflected in the domestic property values of an area, resulting in major variations in the levels of Council Tax imposed on, and raised in, different regions of the U.K.

There is also, obviously, tremendous variation in the costs involved in providing Local Authority services around the country. The cost of providing and maintaining roads, transport, social care, etc, is vastly greater in a dispersed county like Somerset than in a compact area such as Westminster.

Thus many of the poorer but larger Council Tax areas will have a low value pool of properties (and incomes) to tax while still needing to provide expensive services over their large region.

c) The tax is inefficient and expensive to administer.

The property based system frequently results in many people being taxed more than they can reasonably afford.

Thus there has to be a complex system of means-tested Council Tax Benefits in order to enable a large number of tax payers merely to pay their bill while retaining enough income to pay for their food, heating, etc. There is also another complex system of Council Tax reductions and exemptions which attempts (but largely fails) to cater for dwellings with a single occupant and with some categories of occupants with lower (or even no) income.

The overall system, with it's requirements for individual house valuations, individual exemptions and reductions, extensive use of means-tested Benefits and debt recovery procedures against non-payers, leads to a nationwide cost of over £ 600 million per year.

If these costs could be eliminated this money could be better spent employing some 24,000 extra Nurses, Teachers or Policemen which the country desperately needs.

In order to work properly (according to the Lyons Review, Ref 1) the existing Council Tax system should conduct regular re-valuations of the national domestic property pool. The Lyons Review recommends re-valuations every 5 years and the cost of this, according to the Government, would be some £250 million, merely to assess what tax to levy under the property based system. This sum could buy 2 new major hospitals, every 5 years, which the country also desperately needs.

d) The tax is subject to extensive political manipulation.

Council Tax makes only a small contribution towards Local Authority finances. On average, around the U.K., Council Tax contributes about 1/8th of a Local Authority's income, or about 12p in the pound. The rest is made up from council property rents, business rates and various large grants from central government, including means-tested Council Tax Benefit, which is funded from U.K. central taxation, i.e. VAT, Income Tax, etc.

For Party political reasons, central government wants to keep national tax rates down, so for many years the central grants have been decreasing, thus putting extra pressure onto Council Tax in order to maintain Local Authority income. Because of the relative values of the grants from central government, each £1 lost in grant results in £4, or more, having to be raised locally via Council tax. The central government then can blame "inefficient councils" for imposing these burdens on local residents, rather than the deliberate dearth of central funding.

There is also considerable evidence that the government of the day manipulates the Support Grants for political gain. Thus they may put more money into a politically marginal area while reducing the grant to areas which they know vote overwhelmingly against the current government's political party.

Local Councils also manipulate Council Tax. There is evidence that Weston-super-Mare Council report fewer houses in their tax pool than there really are, even after a year of extensive house-building, in order to appear to achieve a high Council Tax collection rate and thereby justify the tax.

2) Arguments used to support the existing Council Tax system

The first thing which strikes one, again and again, is that supporters of the property based Council Tax system do not like discussing it or being forced to defend it. Usually supporters of a system, who can easily justify it and merely need to do so in order to win uninformed supporters to the cause, jump at every opportunity to 'spread the gospel'.

However, since it is impossible for any fair-minded and honest individual to defend the Council Tax system, the supporters shy away from discussions or deliberately present false information in support of the system.

Generally it is probably fair to say that most of the arguments used in favour of the property-based Council Tax are intended deliberately to muddy the waters of an otherwise rational discussion.

It is also fair to say that since over 95% of the U.K. Tax Income is NOT raised via local, property value based, taxes, this method does not seem to enjoy widespread Government support or encouragement.

a) Houses are fixed, so the tax is easy to collect

Supporters of the property based Council Tax system claim that a tax based on property has a predictable yield and is difficult to avoid. This may be true, but this does not make the tax fair or ethical, any more than mugging the population for this tax would be fair or ethical. The value of domestic property bears little relation to the income of that property, and there is no clear and impartial evidence to support this view and, indeed, neither the Local Councils nor the Government seem able to justify this fundamental assumption.

In fact, there is evidence, on camera, that Central & Local Government believe that Council Tax should be used as a tool to discourage "Under-occupancy" of properties. This means that the tax levied on any but the smallest dwellings should be high enough to force single occupants out of larger houses, even homes they have raised their family in for many years.

It is difficult to get supporters of Council Tax actually to justify why they feel a tax should be levied which, in it's ultimate case, may well result in an owner selling their treasured home and "down-sizing" in order to be able to afford the tax while still retaining some dignity. This would seem to fly directly in the face of the Human Rights Act provision that :- "Every natural or legal person is entitled to the peaceful enjoyment of his possessions"

Once again this sanction will not embarrass more wealthy house owners since they can afford the tax, but it does force widows to undergo all the trauma of moving house and leaving their familiar street or village where they may have lived happily with their husband for many years.

Also, while a property based tax is easy to assess and is relatively stable, it imposes an even higher burden during times of financial recession. During a recession incomes, together with Income Tax and VAT revenue, will drop, forcing everyone, including the Government, to tighten their belts. However the property based tax is still levied at the original fixed rate and is usually raised every year regardless of the economic reality, imposing great stress on financially strained families.

The only “legitimate” time to levy a property based tax is when the property is sold, when there is “usually” a capital gain accruing to the original owner. To some extent this is catered for with Stamp Duty, but this falls on the buyer not the seller. There is a strong case for a 'Windfall Land Value' tax based on the increase in value of land assigned for development, but that is not the purpose of this document.

As noted above, only 1/8th of a Local Authority's income, or about 12p in the pound, comes from Property Based Tax, and only 1/26th, or less than 4p in the pound of the Total U.K. tax. If Property based taxes are such a good idea, and so easy to collect, why are they so little used by Central Government ?

The most damning statistics on this issue are the fact that, nationally, over two million six hundred thousand summonses are issued each year and Bailiffs are sent in to nearly one and a quarter million homes, to collect this “easy to collect tax “. After all this, over £ 750 Million, and probably a lot more, Council Tax is still uncollected each year.

b) Accountability - “No taxation without representation”

This refers to the fact that residents should be able to hold their Council members to account for the way they spend the money which the Council collects locally via Council Tax.

Obviously locally collected Income Tax or Sales Taxes would presumably also be acceptable under this consideration, while at the same time being fair, affordable and raising more income.

However there are many sides to this issue, not least that residents have no power to refuse to pay their Council Tax and can only exercise their strength at Local Elections, where they have no power to actually change the underlying system.

More significantly, only about 1/8th of the typical Local Authority's income currently comes from locally collected, “locally accountable”, Council Tax.

The other 7/8th of their income comes from Central Government grants (and hence centrally collected taxes) or from locally collected rents and taxes, some of which have been 'recycled' through Central Government, so the local administrators are not responsible for the amount of this income or, really, it's collection.

Residents could also point out that, surely, the Local Council should be held to account for how they spend ANY of the residents money, regardless of how it was collected, either locally or centrally. Residents are critically interested in ALL local expenditure and not just that using locally raised funds.

c) Trust

Supporters of the property based Council Tax system frequently raise the issue of trust, or lack of it, between the various parties.

Basically the Government do not trust the Local Authorities to present honest and accurate budgets and the Local Authorities do not trust the Government to provide the funding required.

The Local Authorities do not want to be totally dependent on Central Government funding, but wish to be in possession of as much "local" funding as possible.

These issues should not present an insurmountable barrier to developing a fair, alternative system.

It should be possible for an intelligent group of grown-ups, in a 21st century western democracy, to develop a system which would provide adequate independent checks and balances to allow trust between the various parties, for the benefit of all taxpayers.

d) Europe

Another issue often raised in objection to any attempt to replace Council Tax is that the U.K. Government has little room for manoeuvre within the E.U. in terms of tax raising, e.g. in changing the rate of VAT or bringing in new taxes. But we already have different rates of VAT within the U.K., together with many supplementary taxes, including alcohol, tobacco, Air Passenger Duty, Insurance Tax, etc.

Other E.U. countries have varying rates of VAT as well as other supplementary taxes including, for instance, different VAT rates on new car purchase.

The overall impression of this issue is that other E.U. countries do not seem to suffer from this problem and that this is probably another deliberate smoke-screen intended to muddy the waters of discussion.

3) Basic characteristics of a Fair and Efficient tax.

In terms of fair imposition, collection and allocation of the tax, these characteristics would seem to include :-

a) be fairly based on progressive taxation of the Income or Expenditure of each individual

b) target all of the earning and spending population of the country

c) target visitors and non-residents to the country, since they enjoy the facilities provided

d) raise as much money as necessary for agreed, reasonable, services.

e) cost as little as possible to administer, both in terms of tax collection and tax distribution

f) be immune to political manipulation

g) the revenue should be distributed and spent in a manner which is fair and relevant to the population density, distribution, wealth and geography of the national regions.

.... There may well be others

4) A Broad Brush look at the size of the problem

The United Kingdom is a very wealthy country. In 2008-09 the taxable personal income will amount to some £624 billion, while the amount of Council Tax to be collected will be about £ 24 billion.

Raising an equivalent sum to replace Council Tax is relatively easy.

In terms of the U.K. tax revenue, Council Tax currently represents less than 4%, or less than one-twenty-sixth of the total tax collected in this country.

If one took the Income Tax route alone, Council Tax could be scrapped and £24 billion could be raised by increasing Basic Rate Income Tax by about 3.5%, together with a rise in Higher Rate Income Tax of about 4.5%.

If considering a sales tax approach alone, £24 billion could be raised by increasing VAT and other duties by between 2.5% and 3%.

Neither of these outcomes seems to involve penal increases in taxation, considering that they are progressive and are fully dependent on ability to pay, and that Council Tax would, of course, have been scrapped. One could, of course, use a combination of Income Tax and consumption taxes to spread the load and reduce the impact on each facet of taxation.

The tax raised is quite sensitive to the tax rate, i.e. a very small increase in the relevant tax rates could raise significant extra tax revenue for the benefit of the country.

It would seem, based on the above simple calculations, that a fair system for providing local funding, whether raised locally or nationally, or even some hybrid, could be easily developed.

5) Problems with some suggested solutions

Since property based taxes seem always to be unfair and regressive, there have been many suggestions for Income or Sales Tax based alternatives.

Often these involve either actual local collection or central collection with hypothecation, i.e. identifiable sums of centrally collected revenue are assigned to the relevant Council areas around the country.

These systems would certainly be fairer than the current system, but they still involve some administrative costs merely to make them “local” and therefore, so-say, “accountable”.

Thus a centrally collected Income Tax system would require apportionment of funds based on a group of Post Codes covering a particular area, while a “Local VAT” based system would similarly apportion funds to an area based on the Post Codes of the shops and stores in that area.

Implementing such systems, in our computer age, would be relatively straightforward and low cost.

In principle these systems are “local” and “accountable” and “fair” but, as with Council Tax, they will still need a significant “central government grant” to top-up the local revenue and here is where the trouble starts.

A poor area of the country, where the mines, shipyards and factories have been closed, would generate a very low tax revenue from local Income Tax or local Sales Tax. This area would then need a large additional grant from central government.

Meanwhile a richer area, with extensive banking and information technology businesses would raise huge revenue from local Income Tax or local Sales Tax and would require a smaller central grant, or maybe no grant at all, to balance the books.

Under these conditions it would seem reasonable (to residents in the richer area) that they could in fact pay a lower local tax percentage, since they have no problem raising revenue, while the reduced revenue in the poorer area would require a higher tax percentage of their lower, local, income or expenditure in order to raise a reasonable amount to cover local services.

This then leads to local self-interest rather than beneficial redistribution of wealth. The continued need for some degree of central government support funding would again raise all the issues of manipulation and lack of trust.

We thus see the return of some of the unfair characteristics of property based Council Tax and the problem of Central Government politicisation of the top-up grant system still remains to be solved.

6) Justifying the proposed solution

In proposing a fair replacement for Council Tax it would seem sensible to try and define the 'perfect' solution and to then apply to this a minimum of 'real world' and 'political' compromises in order to achieve an acceptable and workable tax raising and distribution system.

Thus initially we should accept the current reality of minimal or zero accountability of the Local Councils for raising the bulk of the income they receive.

However, Councils should still be held fully accountable for their initial budget requests and for subsequent targeting, distribution and expenditure of all the funds they receive.

Calculating and defining the numerical aspects of a fair tax system is relatively straightforward so the major innovation that a new system will require is a non-political body to ensure fair and equitable distribution of central funding to the Councils.

If this could be achieved, then a sum equivalent to total UK Council Tax could be collected centrally using existing Income and Sales Tax central administration, and distributed fairly, resulting in immense savings in local administration costs while raising increased revenue, together with a much fairer distribution of national wealth.

7) The proposed solution

Property based Council Tax would be phased out over a 3 year period (following an initial year of planning), and replaced with equivalent, centrally collected revenue, based on Income and Expenditure.

Ideally the replacement revenue required (Council Tax (nett of Benefit) was £18 billion in 2006-07, part of a taxation total of over £518 billion) will all be collected centrally, via the existing Income Tax and Expenditure Tax mechanisms, merely requiring a small increase in most of these taxes, and at no extra cost to the Inland Revenue.

If raised wholly via Income Tax (whether Local or Central) this would require a Basic rate increase of about 3.7% together with a Higher rate increase of about 4.5%.

If raised solely via VAT and other expenditure taxes (whether Local or Central) this would require an increase of about 2.5% to 3% on the VAT and Duty rates.

Obviously the revenue could also be raised by means of a combination of Income and Expenditure taxes, which would have the advantage of spreading the tax over a broader population as well as including visitors to the UK, 'casual' workers who do not currently declare all their earnings, and other fringe groups.

A fair and affordable option could involve rises of about 2% in Basic and 3% in Higher Income Tax together with a 1.5% rise in VAT and other duties.

A small independent body, appointed by the Crown and overseen by the National Audit Office, will monitor and improve the existing financial procedures within both the local authorities and the Treasury to ensure, as fairly as possible, that :-

a) the budgets submitted by the Councils follow agreed rules to ensure they were reasonable and balanced across the country

b) the amount allocated, from Central Taxation, for regional expenditure is appropriate to cover agreed regional responsibilities around the country.

c) the apportioning and distribution of the central funds to individual Councils is carried out in a fair and efficient manner, following agreed procedures..

d) the collection, allocation and distribution of funds is free of all political interference, at both a central and local level.

e) the procedures and guidelines used by Councils and Government in processing the grants are fair and efficient and are progressively improved and refined.

8) Making the change

a) Initially a small, independent "Local Tax Working Group" (LTWG) would be appointed by The Crown and overseen by the National Audit Office, a respected independent body which monitors Public Expenditure.

This group would be paid a reasonable, pro-rata, professional salary for part-time work over a two year period, together with reasonable expenses. A small clerical staff would be provided, one key task of which would be to present summaries of the group's deliberations, progress and costs on a dedicated web-site, together with regular press releases and media advertisements outlining progress and costs.

This group would work in concert with the existing Local & Central Government finance departments.

b) The LTWG's first task would be to finalise the list of Basic Requirements for their new tax system, along the lines of Section (3) of this document.

c) Next they would develop the protocol for monitoring the fairness and relevance of Local Expenditure budgets and apportionment of funds, in concert with Local Authorities and Government, but with all parties following the previously agreed Basic Requirements of the new tax system.

d) The outcome of Phase (c) would decide how the extra tax was centrally collected.

e) The LTWG would briefly review the pros and cons of similar taxes in other countries (mostly NOT by travelling to those countries, but via email and similar routes).

f) The broad financial details of the new system could then be worked out, aided by the existing departments within the Treasury and Local Government. This would then enable planning for the phase-in period to begin.

g) Detailed financial and protocol issues would be developed during the first year of a 4 year changeover period. After the first year of planning & development, Council Tax would be progressively phased out over the next 3 years and income and expenditure taxes would be gradually raised to fill the gap.

f) During the first year of the 3 year changeover period, as the development workload declined, the LTWG would determine how best to continue the routine monitoring process and would develop the process for selecting and forming it's successor. The LTWG would then be disbanded and replaced by the new monitoring body whose members would be 'revolved' through a two year period to ensure the independence and impartiality of the monitoring process.

g) All significant decisions and costs of the monitoring body would be displayed on the continuing website.

9) Conclusion

This document has outlined many of the faults and inequities of the current, property-based, Council Tax system, together with some of the reasons used, by it's supporters, when attempting to discredit replacement systems.

It is quite clear that, within any just and fair forum, it is really very difficult to justify Council Tax, either financially or socially.

It has been shown that the main obstacles to implementing a fair replacement are deliberate political obstruction together with a lack of trust by most of the involved parties.

An independent body is proposed which would develop protocols and procedures which would enable fair and independent financing of Local Authorities by means of fair, income-related local or central taxation. This would then enable a replacement system to be phased in over no more than 4 years.

Appendix 1 : Some Calculations

Some 'broad brush' calculations have been carried out in order to establish the sort of taxation levels needed to replace the current revenue obtained from Council Tax.

All the data is available from the Internet and references are given at the front of this document.

Data from 2005-06 and 2006-07 is used, together with some forecast data for 2008-09 - in general the proportions of the various taxes do not seem to change rapidly from year to year, so any assumptions developed as regards current (2008-09) costs are believed to be valid.

First, establish the UK taxable income, via sub-totals at the different rates of Income Tax. :

From Ref 4 :-

Tax bands were : at 10% up to £2090, at 22% £2090-£32400, at 40% £32400 upwards.

3.19 million Starting Rate taxpayers paid £ 0.339 billion,
so taxable income was £3.39 billion @ 10%

23.1 million Basic Rate taxpayers paid £ 60.3 billion, some at 10% and some at 22%
at 10% they each paid £209, = 23.1 x £209 million = £ 4.828 billion,
so taxable income was £ 48.28 billion @ 10%

thus remaining £ 60.3 billion - £4.828 billion = £ 55.472 billion tax was paid at 22%,
so taxable income was £ 252.146 billion @ 22%

3.59 million Higher Rate taxpayers paid £ 76.4 billion tax, some at 10%, some at 22%
and some at 40%
at 10% they each paid £ 209 = 3.59 x £209 million = £ 0.750 billion
so taxable income was £ 7.5 billion @ 10%

at 22% they each paid 0.22 x (£ 32400 - 2090) = £ 6668
so tax was 3.59 x £ 6668 million = £ 23.939 billion
so taxable income was £ 108.81 billion @ 22%

thus remaining £ 76.4 - 0.75 - 23.939 = £ 51.711 billion was paid at 40%
so taxable income was £ 129.278 billion @ 40%

Thus taxable income in each Band was :-

£ 59.17 billion @ 10%,

£360.956 Billion @ 22%

£129.278 @ 40%

Total Income = £ 549.404

Now establish forecast figures for 2008-09

From Ref 4, and the above calculations one can establish that, for 2008-09 (with no 10% rate) the tax revenue proportions are, approximately, 60% at 20% tax and 40% at 40% tax.

From Ref 3, Income Tax forecast is £154.974 billion, thus £92.984 billion is collected @ 20%, so Taxed income is £464.920 billion and £61.99 billion is collected @ 40% , so Taxed Income is £154.975 billion.

Now estimate tax increases on Income Tax and VAT and Duties if Council Tax is scrapped.

Split the £24 billion as £17 billion to be raised at 20% and £7 billion to be raised at 40%

At 20%, tax to be raised = £92.984 + £17 billion, so tax rate = $109.984 / 464.92 = 23.66\%$,

so at Basic Rate Income Tax would rise by 3.7%

At 40%, tax to be raised = £61.99 + £7 billion, so tax rate = $68.99 / 154.975 = 44.5\%$

so Higher Rate Income Tax would rise by 4.5%

Now estimate VAT and other duties increases if Council Tax is scrapped

From Ref 5, in 2006-07, VAT collected is £87.728 billion, taken at 17.5%.

Thus the money "spent" was £501.3 billion.

Thus to raise another £24 billion, tax rate is $111.728 / 501.3 = 22.3\%$, i.e. a rise of 4.8%

However Other Duties, including Fuel, Petroleum, Alcohol, Tobacco, etc, as seen in Ref 5, total £59.26 billion, at various different rates of tax. If we assume a 10% rate for these, then the relevant "spend" is £592.6 billion, and if half of the required £22 billion was raised from these taxes then the rate would be $71.26 / 592.6 = 12\%$.

Thus the whole £24 billion could be raised with a rise in VAT and related Duties of approximately 2.5% to 3%

Appendix 2 : Some typical tax costs for a hybrid system

For a hybrid system charging 2% extra Basic Rate Income Tax,
3% extra Higher Rate Income Tax and
1.5% extra VAT and duties,
 (and with Council Tax scrapped)

the approximate costs to residents on various incomes would be as follows :-

(Note No one would be paying Council Tax)

£ Gross Income	Council Tax	£ Total “Replacement” Tax
5,000	0	45
10,000	0	154
20,000	0	429
30,000	0	704
40,000	0	979
50,000	0	1316
100,000	0	3191

The VAT and Duties spend would be somewhat dependent on individual spending & saving habits, but the above figures give an idea of the effect of the increased General taxes and the elimination of Council Tax.

It thus becomes apparent that because of the wider spread of the tax and it's progressive nature, the extra centrally collected tax (replacing Council Tax) only approaches a typical Band D level when the household income has reached about £40,000 to £50,000 and only approaches a typical Band H level when household income reaches about £80,000.

This would seem to be somewhat fairer than the current system.

Bear in mind also that the Council Tax Bands in the Somerset area are (approximately) as follows (in 2008) :-

Band A	£ 933
Band B	£ 1089
Band C	£ 1244
Band D	£ 1400
Band E	£ 1711
Band F	£ 2022
Band G	£ 2333
Band H	£ 2800