



# The Future of Council Tax in Scotland

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## Council tax system

Council tax is based on a banding system, where homes are placed in one of eight bands based on what their estimated value was, or would have been, in 1991.

As all valuations for council tax are still based on prices from 1991 (called the market reference point), many properties are now in bands that no longer reflect their current market value.

This has led to concerns that the system is unfair, because two properties of the same value can find themselves charged very different council tax bills, even within the same local area.

Furthermore, the system is often described as regressive, meaning that people in lower-value homes tend to pay a higher share of their property's value in tax than people in higher-value homes.

## The current council tax bandings, with the market reference point (prices from 1991):

Band	Range of values
A	Up to £27,000
B	Over £27,000 and up to £35,000
C	Over £35,000 and up to £45,000
D	Over £45,000 and up to £58,000
E	Over £58,000 and up to £80,000
F	Over £80,000 and up to £106,000
G	Over £106,000 and up to £212,000
H	Over £212,000

### 1. Do you think the current council tax system in Scotland needs to be reformed?

- Yes
- No
- Don't know

**2. Do you think property values used to calculate council tax should be updated to reflect current market values, instead of using 1991 values (i.e. should there be a revaluation of every property in Scotland)?**

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- Yes
- No
- Don't know

**3. How often do you think property values should be reviewed and updated for council tax purposes?**

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- Every 3 years
- Every 5 years
- Every 7 years

- Every 10 years
- Other (please specify)
- Don't Know

If other, please specify in the text box below

I have chosen every 5 years rather than 3 years because of the time it will take for transitional reliefs to work through, especially this time as the changes in relative valuations will be large.

You have 53 characters remaining

**4. Following a revaluation, do you think council tax band property value thresholds should be set at a national level or vary by council area?**

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- Thresholds should be set nationally to be the same across all council areas
- Thresholds should vary by council area based on local housing markets
- Don't know

## 5. Which of the following is most important to you in the design of council tax bands?

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- Ensuring tax rises between bands are gradual and predictable (differentiation)
- Ensuring households in higher-value homes contribute more (progressivity)
- Don't know
- Other (please specify)

If other, please specify in the text box below

There is not the either/or choice between differentiation and progressivity. Moreover, not all taxes need to be progressive as what matters is the overall progressivity of the tax system. This point should be emphasised by the Scottish Government.

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## Designing a new council tax system

There are different approaches to a new council tax system.

Key principles that could inform a new system include:

- Progressivity, where tax rates increase for higher-value homes so that these households contribute a greater share of total council tax revenue.
- Differentiation, where tax rates rise gradually between property bands so that bills increase more gradually with property value.

## Guide to the tables below

In the tables below you will see the following information about each proposed system:

- The band's identifying letter
- The upper threshold for property values in this band
- The relative tax rates showing how each band's council tax compares proportionally to the standard Band D (or equivalent) charge
- The tax rate which is the average amount of council tax payable for each band per year
- The percentage of properties in this band

## Options for a new council tax system

The four options to consider are:

1. Revaluation with 8 existing bands
2. Revalued 12-band (differentiated) system
3. Revalued 12-band (progressive) system
4. Revalued 14-band system

### 1. Revaluation with 8 existing bands

This design improves accuracy and keeps the existing structure:

Band	Upper threshold	Relative tax rate	Tax rate (2025-26) (Annual charge)	% of prop

A	£97,060	0.667	£1,029	20.02
B	£148,147	0.778	£1,200	22.22
C	£197,575	0.889	£1,372	16.14
D	£255,106	1	£1,543	13.9
E	£347,197	1.314	£2,027	13.75
F	£469,277	1.625	£2,507	8.2
G	£892,084	1.958	£3,022	5.22
H	∞	2.45	£3,780	0.54

## 2. Revalued 12-band (differentiated) system

Key changes:

- Splitting existing bands E and F into smaller bands (E1 to F2)
- Adding a new lower band (A1) and a new upper band (I)

This system reduces large jumps in tax rates at the boundaries between bands, and makes modest changes to make the system more progressive – with larger increases as property values rise.

Band	Upper threshold	Relative tax rate	Tax rate (2025-26) (Annual charge)	% of property value
A1	£65,000	0.556	£857	5.45
A2	£95,000	0.639	£986	13.6
B	£135,000	0.75	£1,157	18.02
C	£185,000	0.861	£1,329	17.62
D	£250,000	1	£1,543	16.54
E1	£305,000	1.225	£1,890	9.6
E2	£375,000	1.475	£2,275	7.8
F	£460,000	1.725	£2,662	5.21

G1	£560,000	1.975	£3,047	3.04
G2	£845,000	2.25	£3,433	2.43
H	£1,265,000	2.556	£3,943	0.55
I	$\infty$	3	£4,629	0.14

### 3. Revalued 12-band (progressive) system

Adjusts the tax rates further to make the system more progressive.

The aim of this model is to make council tax more equitable by ensuring that higher-value homes contribute a greater share of the total tax. It decreases tax rates more significantly for lower value properties and increases tax rates more significantly for higher value properties.

Band	Upper threshold	Relative tax rate	Tax rate (2025-26) (Annual charge)	% of pr
				▲

A1	£65,000	0.556	£857	5.45
A2	£95,000	0.611	£943	13.6
B	£135,000	0.667	£1,029	18.02
C	£185,000	0.806	£1,243	17.62
D	£250,000	1	£1,543	16.54
E1	£305,000	1.25	£1,929	9.6
E2	£375,000	1.525	£2,353	7.8
F	£460,000	1.85	£2,855	5.21
G1	£560,000	2.2	£3,395	3.04
G2	£845,000	2.6	£4,012	2.43
H	£1,265,000	3	£4,629	0.55
I	∞	3.5	£5,401	0.14



## 4. Revalued 14-band system

Has the most progressive rates of the four. It also reduces large jumps between lower bands.

Key changes:

- Additional lower bands provide more differentiation among lower-value properties
- New upper bands (J and K) for very high-value properties

Band	Upper threshold	Relative tax rate	Tax rate (2025-26) (Annual charge)	% of properties
A1	£65,000	0.500	£772	5.45
A2	£85,000	0.556	£857	8.79
B1	£110,000	0.611	£943	11.84
B2	£145,000	0.694	£1,072	14.97

<b>C</b>	£185,000	0.806	£1,243	13.65
<b>D</b>	£240,000	1	£1,543	14.39
<b>E</b>	£315,000	1.325	£2,045	13.12
<b>F</b>	£410,000	1.650	£2,546	9.02
<b>G1</b>	£550,000	2.000	£3,086	5.44
<b>G2</b>	£745,000	2.400	£3,703	2.27
<b>H</b>	£1,005,000	2.800	£4,320	0.72
<b>I</b>	£1,355,000	3.222	£4,972	0.24
<b>J</b>	£1,830,000	3.667	£5,658	0.08
<b>K</b>	∞	4.222	£6,515	0.02

## 6. Which of the potential council tax systems do you most support?

- Revaluation with 8 existing bands
- Revalued 12-band (differentiated) system
- Revalued 12-band (progressive) system
- Revalued 14-band system
- The current council tax system
- Don't know

## 7. Which of the potential council tax systems set out in question 6 do you least support?

- Revaluation with 8 existing bands
- Revalued 12-band (differentiated) system
- Revalued 12-band (progressive) system
- Revalued 14-band system
- The current council tax system
- Don't know

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## Transition, phasing and support schemes

Changes to council tax can lead to higher bills for some households.

A range of measures could help manage these changes and support households through any transition:

- **Transitional relief schemes** provide a phased approach by limiting how much a household's bill can rise each year, giving people time to adjust as the new system is introduced.
- **Deferral** allows eligible owner-occupiers to postpone paying increases arising from reform and repay the balance later (for example, upon sale of the property, after a fixed term, or on death). Unlike transitional relief, this approach delays payment rather than reducing the total tax due.

- **The Council Tax Reduction (CTR) scheme** offers means-tested financial support to low-income households, helping to reduce or remove their council tax liability. CTR could also help offset bills for households that move into higher bands.

**8. Do you support the establishment of a transitional relief scheme to limit how much a household's council tax bill can increase each year following reform?**

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- Yes
- No
- Don't know

**9. Which transitional relief scheme would you prefer?**

Transitional relief schemes involve a trade-off between the scale of support provided and how much it costs. Two example schemes are described below:

**Scheme 1 – council tax gross bill increases would be limited to 10% or £300 (whichever is lower) each year, for four years.**

- This would support a broader group, including households who face smaller but still significant increases.
- By virtue of having a wider scope, and capturing more recipients, it is likely to include more low and middle value properties than scheme 2. However, it would also be more expensive than scheme 2.

**Scheme 2 – council tax gross bill increases would be limited to 25% or £600 (whichever is lower) each year, for four years.**

- This would be more targeted, helping those facing the largest jumps in bills, such as those moving up two or more bands.
- It would focus support on a smaller group, who are more likely to be those in high-value homes in areas where prices have risen sharply. It would be less expensive than scheme 1.

Scheme 1: Cap increases at 10% or £300 per year  
 Scheme 2: Cap increases at 25% or £600 per year  
 Other, please specify below  
 Don't know

**If other, please specify in the free text box below:**

More information derived from modelling is required. It is not clear if the £300 and £600 caps relate only to the effects of revaluation and not to council tax decisions by councils. Too low a cap would mean that caps could persist for many years.

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**10. Do you support the establishment of a council tax deferral scheme for homeowners?**

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- Yes
- No
- Don't know

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**11. In your view, who should be eligible to receive support from a council tax deferral scheme?**

Please select as many as you think should apply.

- Pensioners (over state pension age)
- Disabled people
- Households with children
- Households experiencing financial hardship
- Other, please specify
- Don't know

If other, please specify in the text box below

Caps will add to the existing complexity and revenue loss from discounts and exemptions. In the extreme, revaluation could lead to significant losses in council revenues. Councils cannot borrow for revenue purposes in response to caps and deferrals.

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## 12. Should households who defer payment pay interest on the amount deferred?

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- Yes
- No
- Don't know

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**13. Do you think the Council Tax Reduction scheme should be expanded to support more households following any reform?**

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► [More information](#)

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- Yes
- No
- Don't know

**14. Which changes to the Council Tax Reduction scheme would you support?**

Please select as many as you think should apply.

- Broaden eligibility criteria for CTRS to include low-income households where the property moves into a higher band due to council tax system changes
- Change CTR so support is withdrawn more gradually as rising incomes move individuals out of eligibility
- No changes needed
- Other, please specify below
- Don't know

If other, please specify in the text box below

Questions 13 and 14 about CTR are impossible to answer until effects of revaluation are known. Some households in lower-banded properties will directly benefit from revaluation. Unless CTR and reliefs are well-designed, there could be a revenue loss.

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## Other comments

**15. Do you have any information you wish to share that has not already been discussed in the paper on the impact of council tax reform on any of the following:**

- Groups who share protected characteristics
- Island communities
- Businesses or organisations in the public, private or third sector
- Your local area

Protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Please provide details, making reference to the type of impact to which your comments relate.

One of the legacy weaknesses of the 1993 establishment of Council Tax has been the number of exemptions and discounts. Because of the policy failure of not revaluing from 1991 values, Council Tax reform will be politically difficult because of changes in relative market values since 1991, resulting in many properties now being in the wrong band. Revaluation should not lead to more exemptions and discounts, rather to fewer. Assessments of distributional effects should not focus solely on individual taxes, but on the tax system as a whole. A big question is whether revaluation is designed to be revenue-neutral at the Scottish level, or whether intended to produce higher Scotland-wide revenues. Given the pressure on council finances it will be difficult to stick to revenue-neutral. There is a distinction between being gross revenue-neutral (the same amount of revenue is theoretically generated, ie before reliefs) and net revenue-neutral (the same amount of revenue is generated after discounts, exemptions, reliefs and deferrals). The more discounts etc that are given, for which there will be strong political pressure, could lead to less net revenue for councils. Deferral schemes are essential but there is the issue of how the deferred revenue will affect the statutory obligation for councils to break even each year and whether they will be permitted to borrow against these financial assets, which seems unlikely.

You have 69 characters remaining

**16. Please provide any other comments or views on the consultation themes or council tax reform that you have not been able to share above.**

(1) This consultation has been very badly designed. It offers often stark choices to respondents, without having boxes attached to individual questions which allow the respondent to (a) explain the trade-offs between available choices, and (b) comment on badly-worded questions. The availability of space in Question 16 is not a sufficient substitute.

(2) Within the character constraint, I now make comments that attach to topics. It is important that the trade-offs are understood.

#### QUESTIONS ABOUT REVALUATION

Ideally, one would wish to keep valuations up-to-date, which could be possible with modern data systems. The practicality issue is that sufficient time between revaluations is necessary (a) to allow for appeals procedures, and (b) implementation of transitional arrangements.

#### QUESTIONS ABOUT DEFERRAL SCHEMES

The public policy failure of still using 1991 valuations means that some households will face steep increases in council tax bills even if revaluation were revenue-neutral at the Scottish level. If there were no interest on deferrals, there would be an incentive to defer and hope that liabilities would be cancelled in future.

#### QUESTIONS NOT ASKED

Even if revenue-neutral at the Scottish level, there would be very big shifts in council tax revenues between local authorities, so that the grant system has to be considered together with revaluation. There has been a loss of principle over recent years in the working of the grant system and this should be restored.

You have 6 characters remaining