

# Local Income Tax

## A fairer tax?

What does this tax mean for you?

### Local income taxes make working families pay more

Nobody likes paying taxes, but most people are willing to pay them to deliver better public services.

What is important is that taxes are fair, hard to avoid and simple to collect. Currently in Britain we have different types of tax, on earnings, property on spending, on business. Moving away from taxing property to taxing earning places more of the tax burden on hard working families, not on the wealthy.

Property-based taxes mean one bill per household, income taxes bill each person. The more workers in your household the more you pay. Any overtime you do will be taxed, the more you work the more you pay.

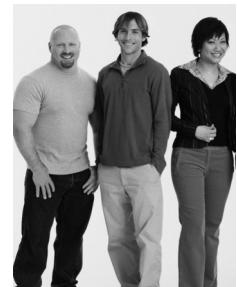
Claims that people will be better off under local income taxes are based on an assumption of single earner households. If couples both work they risk being worse off. (The figures below are based on a local income tax of 3.75% and compare with the average Council Tax in Scotland of £1094)



Ward manager (£23110) and a sport development officer (£21000)  
**- £193 worse off per year**

Sharing houses will no longer be so attractive for young workers - each individual will have their own bill, rather than sharing the household bill.

Two newly qualified teachers (£21588) and a newly registered nurse (£16525) **would be £594 worse off per year**



Families on low incomes will also suffer if their children stay at home once they start work.



A call centre team coach (£16500), an experienced cook (£13500), a personnel assistant (£14872) and an apprentice plumber £7778, **would be £146 worse off per year.**

And students earning more than £5.50 per hour for a 20-hour week would pay £31 more per year.

## **Local Income taxes won't make the wealthy pay more**

The really rich can move their wealth about to avoid paying their share. Many rich families choose to live abroad for long periods to avoid paying income tax and many landowners are in fact foreign nationals. They still pay council tax on their UK homes.

Under a local income tax the super rich could pay nothing yet still expect their bins emptied! Property is impossible to hide or move abroad to tax shelters.

## **Property values are a good proxy for wealth**

The value of your house is related to how well-off you are. They have to be bought or rented. Property is in itself a form of wealth that you can sell it at a profit. You can even pass it on after your death.

Income is also only an indicator of ability to pay. The cost of dependants like children and mortgages means that those on a higher salary often have less disposable income than people with no dependants who own their property outright.

## **The current Council Tax can be improved.**

The Council Tax banding system needs reform. The current system limits how much those with very expensive properties have to pay. A £400K house pays three times as much as a £40K house not ten times.

It is this, not the fact that it is a property tax, which means that it takes up a bigger proportion of low incomes than higher incomes -like VAT.

## **Council Tax Benefit needs overhauled**

CTB, like all means-tested benefits, is not always claimed by, or available to, those it is intended to protect. It is estimated that there is £1.2 billion in unclaimed council tax benefit. Although half of the 4.7 million recipients are pensioners only 65% of all pensioners and 45% owner-occupier pensioners are actually claiming. They are losing on average £7.60 per week.

The CTB system actually hits working families the hardest. Many low paid workers have to pay full Council Tax. Just under half the children living in poverty live in households not entitled to CTB. On earnings over £60 per week CTB falls by about 20p for every pound earned. This can put people off changing to better paid jobs, doing overtime or even start work in the first place. This is also very complex it is therefore no surprise that one sixth of working age households who are eligible do not claim.

Households with children start to pay Council Tax before National Insurance or Income Tax.

## **Keep a locally collected property tax Increase the bands at the top and bottom Reform council tax benefit**

# **Make council tax BETTER**

If you want to know more about UNISON's campaign. Visit our website on

[www.unison-scotland.org.uk/localgovt/counciltax](http://www.unison-scotland.org.uk/localgovt/counciltax)

To join the union that fights for a fair tax for local democracy call 0845 355 0845, or visit

[www.unison-scotland.org.uk](http://www.unison-scotland.org.uk)

