

**Floor 5/J3
Eland House
Bressenden Place
London
SW1E 5DU**

**Direct line: 0171- 890 4197
Fax: 0171- 890 4209**

Council Tax Managers

27 February 1997

Dear Council Tax Manager

**COUNCIL TAX AND GRANNY ANNEXES: NEW EXEMPTION CLASS ANNOUNCED
BY THE SECRETARY OF STATE**

The Secretary of State today announced the results of the consultation exercise on granny annexes. We have accepted the views of many respondents that our objectives could be achieved more simply by means of an exemption. We therefore intend to create a new exemption class so that granny annexes (and similar properties) occupied by a dependant relative of the family in the main property will be exempt from council tax.

A copy of our Press Release is enclosed. An amendment to the Council Tax (Exempt Dwellings) Order will be laid before Parliament in the near future and we expect it to come into force on 1 April 1997. Draft regulations will be circulated as soon as possible with a Council Tax Information Letter.

In view of these developments, authorities which have not yet completed printing of their council tax bills may find the revised text useful for inclusion:

“The Government has announced proposals that where an annex or similar self contained part of a property is occupied by an elderly or disabled relative of the residents living in the rest of it, then it should be exempt from council tax. This is expected to come into force on 1 April 1997. If you think you will be affected by these proposals, please contact ..(the billing authority).”

**Tony Capp
Council Tax Branch**