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OUR REF: CTIL 20

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Dear Chief Finance Officer

## **COUNCIL TAX INFORMATION LETTER NO.20**

Welcome to the 20<sup>th</sup> council tax information letter. This one covers:

Exempt Class A substitute regulation  
Asylum seekers  
Working Families Tax Credit and attachment of earnings  
Transfer of Warrant Execution

### **Exempt Class A**

In CTIL 19 I explained that we intended to issue a substitute amendment to exempt Class A. The replacement order is The Council Tax (Exempt Dwellings) (Amendment) Order 2000 SI 2000 No.424. This is being distributed free of charge to recipients of The Council Tax (Exempt Dwellings) (Amendment) (No.2) Order 1999 SI.No.1999/1522. The substitute order aims to clarify rather than introduce a different meaning to the wording of SI 1999/1522 which it replaces.

I have received a number of queries in recent weeks relating to the effective date of the new Exempt Class A. At Annex A, I have therefore attached the new wording of Exempt Class A and some typical questions and the advice we have given. I hope you find this useful.

### **Asylum seekers**

As you may be aware, the Home Office are introducing new support arrangements for asylum seekers from 1 April 2000. Under the new support arrangements, asylum seekers will be offered accommodation (along with vouchers) to meet their basic needs in the UK



whilst their application for asylum is being considered. As asylum seekers will receive accommodation and vouchers rather than have access to the benefits system, asylum seekers would not be entitled to council tax benefit should they face a direct liability for council tax. Regulations already provide that the owners of dwellings such as houses in multiple occupation (HMOs) and hostels are liable for council tax. Therefore, where asylum seekers are housed in such accommodation they should not face a direct council tax liability. However, if asylum seekers are housed in self contained flats or families occupy a separate house, they would be liable for council tax under current liability regulations. We appreciate that were this to happen, the asylum seekers are unlikely to have the means to pay and authorities would have little hope of collecting the debt.

We are aiming to avoid such situations arising from 1 April by making the owners of accommodation provided under section 95 of the Immigration and Asylum Act 1999 liable for council tax by prescribing a new class of dwelling under section 8 of the Local Government Finance 1992. The Council Tax (Liability for Owners) (Amendment)(England) Regulations 2000 - SI.No. 2000/537.

Authorities will not, however, need to consider whether a dwelling is a HMO, hostel or otherwise. In order to determine owner liability authorities will only need to establish whether the accommodation is provided to an asylum seeker under section 95 of the Immigration and Asylum Act 1999.

The National Asylum Support Service are seeking to use contractors to provide the accommodation, rather than administer the accommodation themselves. These contractors could include local authorities and registered social landlords. The new class of owner liability aims to capture all accommodation provided under section 95 of the Immigration and Asylum Act 1999 regardless of whether the National Asylum Support Service provides that accommodation directly or through a third party.

The definition of owner in section 6 of the Local Government Finance Act 1992 has not been amended for the purposes of the new class.

### **Working Families Tax Credit and attachment of earnings**

We have received some queries about whether the new Working Families Tax Credit (WFTC), which will be administered through the PAYE system from 1 April, will be treated as earnings for the purpose of attachment of earnings. "Earnings" for the purpose of council tax AEOs are sums payable "by way of wages or salary including other emoluments payable under a contract of service)..." According to the Oxford English Dictionary, an "emolument" means "profit or gain arising from station, office, or employment; dues; reward, remuneration, salary". We consider that this clearly excludes anything that is not directly a payment for services rendered. Employers are required by statute to make payment of WFTC for the purpose of the national taxation system rather than for services rendered.

We have not amended the regulations. However, we have updated the guidance for employers and the relevant page is attached (full copy of guidance is attached for those receiving by e-mail).

**Transfer of Warrant Execution work from Police to Magistrates' Court Committees**

Implementation of the transfer has been deferred until April 2001. I will continue to keep you posted.

I am happy to discuss any of the matters raised in this information letter.

JEREMY KETLEY