MHCLG / HM Treasury / HMRC High Value Council Tax Surcharge Consultation - England

Response from Propertymark

July 2026

Background

1. Propertymark is the UK's leading professional body of property agents, with 19,000 members representing over 12,500 branches. We are member-led with a Board which is made up of practicing agents, and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.[1]

Consultation – overview

2. In the UK Government's 2025 Budget, the Chancellor of the Exchequer announced the introduction of a new High Value Council Tax Surcharge that would apply to all residential property in England valued at £2 million or more.[2] This would take effect in April 2028 but would require consultation to establish the full set of reliefs and exemptions. According to the Valuation Office, the charge is likely to impact fewer than 1% of homes in England and raise £430 million every year to support funding for local services. If enacted as currently proposed, the surcharge rates would be as follows:
   - Property valued at £2m-£2.5m – £2,500
   - Property valued at £2.5m-£3.5m – £3,500
   - Property valued at £3.5m-£5m – £5000
   - Property valued at over £5m – £7,500

Propertymark response – summary

3. Propertymark welcomes the opportunity to respond to the UK Government's consultation on High Value Council Tax Surcharge (HVCTS) in England. Overall, we have some serious concerns about the practicality of enforcing HVCTS, the availability of qualified valuers, the impact that it will have on private landlords and how it will primarily benefit areas with high-value homes which

[1] https://www.propertymark.co.uk/
[2] https://www.gov.uk/government/publications/high-value-council-tax-surcharge

undermines its goal of raising revenue to pay for local government services. In general, our concerns can be summarised as follows:

- **Homes that have not been sold will need to be valued, which will require more than looking at similar properties** – determining the value of a home also requires more than a market appraisal. It needs a full physical survey as structural damage or elements outside of a cursory look at similar factors can determine.

- **Qualified valuers would be required to accurately identify property value, but this presents its own challenges** – professional valuers will need to be paid to confirm the value of property that has not been valued for multiple years. There is simply not a sufficient number of qualified valuers to verify all estimated 165,000 homes by 2028/29.[3]

- **The impact on landlords, nor how the HVCTS will work in rental property has been considered** – typically, property rented out at the values the surcharge will apply to will particularly impact institutional landlords who rent out high-value property in central London. This could cost these companies hundreds of thousands of pounds and may reduce the availability of rental property at the high-end of the market.

4. Our position is informed by our regional executives and a focus group of members who had explicit experience with high-value property. A nation-wide survey with hundreds of responses at this time was not possible due to how only an estimated 165,000 properties would be subject to the surcharge in 2028/29.

5. It is important for us to demonstrate, as there is no question specifically on this nor a way to include additional thoughts, that a slim majority of members of our focus group think that the HVCTS will have a limited impact on the sale of high-value property (57.14%). 43% however think that the HVCTS would reduce sales. 56% also disagreed that the Surcharge should be introduced, compared to 36% who agreed that it should.

6. It is also important to note that the opinion of our focus group was largely unchanged if the funding was ringfenced to help fund the delivery of more homes (64%), with only 21% stating their support

[3] https://obr.uk/supplementary-forecast-information-on-costings-relating-to-the-november-2025-economic-and-fiscal-outlook/

would increase. This was a similar situation when asked if the funding would be used to better enforce local housing legislation, where 50% stated their opinion would not change and 21% stated their support would increase.

Consultation Questions – Propertymark response

Question 1: Do you agree the legal owner should generally be liable for HVCTS?

7. We disagree that the legal owner should generally be liable for the HVCTS, this proposal needs more thinking and engagement with the sector due to the nature of property ownership and use of property. While it is reasonable that the legal owner should pay for the HVCTS if they own and live in the property, this becomes more complicated when the property is rented out. Typically, in the private rented sector, council tax is passed onto the tenant, but this is not always the case as it can be included with rent payments. Propertymark would recommend that the responsibility for HVCTS should be under the discretion of the landlord, in the same way council tax is. This has two clear benefits. Firstly, should the HVCTS be used to fund local authority services, these are clearly benefits to the tenant rather than the landlord who may not live in the local area. Secondly, allowing the landlord to choose who is responsible for HVCTS is currently how liability for paying council tax is organised. This would simply the process rather than expecting the tenant or landlord to pay in all circumstances. In either case, the UK Government must clearly define responsibility for paying HVCTS when the property is rented out in order to avoid confusion.

Question 2: Do you agree that liability should sit with the leaseholder where the lease has been granted for more than 21 years, or where the law treats a lease as having been granted as such?

8. Yes, we agree that liability for HVCTS should sit with the leaseholder when the lease has been granted for more than 21 years. However, as with our response to question 1, this should only apply if the leaseholder is also the occupier of the building. Where a leaseholder rents out their property, then it should be up to the discretion of the leaseholder if they (the landlord) or occupants (tenants) should pay for the HVCTS.

Question 3: Are there forms of leases, within or outside of the categories mentioned above, where different treatment should be considered?

9. We are unaware of any forms of leases that we have not mentioned where different treatment should be considered.

Question 4: Do you agree that in trust arrangements trustees should be liable for HVCTS?

10. Yes, we agree that in trust arrangements trustees should be liable for HVCTS. This is to account for cases where property is held for children who cannot afford the HVCTS. Additionally, where the property is held in trust, it is often the case that the beneficiaries are not currently benefitting or living at the property and thus would not benefit from an increase in local services funded by the HVCTS.

Question 5: Do you agree with the proposed income (£35,000) and capital (£16,000) thresholds for deferral?

11. We disagree with the proposed income and capital thresholds for deferral. While exemptions are less of a concern for Propertymark and our members. For instance, we asked about an income and deferral threshold for the HVCTS, the most commonly chosen answers where above £50,000 for household income and above £25,000 for paying the surcharge. It was understood that this would help to avoid situations where pensioners and low-income households who had acquired a high-value property would be forced to sell it due to the HVCTS.

Question 6: Do you agree that deferral should be available to homeowners who meet the income or savings thresholds?

12. We agree that deferral should be available to homeowners who meet the income or savings thresholds. It should be noted however that Propertymark members did not express strong support or disapproval either way, as only 57% of our focus group agree that a deferral should be put in place. 21% also neither agreed nor disagreed, highlighting that estate agents did not consider that this is as important as introducing the HVCTS in the first place.

Question 7: Do you agree with the proposed disability-based criteria, aligned with existing Council Tax criteria? ***The criteria is as follows:***

- ***i. are severely Mentally Impaired, in line with existing Council Tax definitions. In Council Tax, a taxpayer is required to provide a certificate from a medical professional, such as a GP, and prove their eligibility for certain benefits or***
- ***ii. meet criteria of the Council Tax Band Reduction Scheme, which requires evidence the property has either: an extra bathroom, kitchen or other room that is needed for the disabled person; or extra space inside the property for using a wheelchair.***

13. We agree with the proposed disability-based criteria that is aligned with existing Council Tax criteria.

Question 8: Can you foresee any circumstances where the proposed deferral scheme is not sufficient? Please provide evidence to support your views.

14. We have no further comments to make at this time.

Question 9: Do you agree that change of ownership should be the default end point for deferral?

15. We agree that change of ownership should be the default end point for deferral.

Question 10: For deferred payments, what level should the interest rate be set at?

16. We have no further comments to make at this time.

Question 11: What additional resources do you anticipate local authorities may need access to in order to deliver the proposed scheme?

17. Local authorities will require a considerable amount of additional resource to deliver the proposed scheme. This is because local authorities would need to hire qualified valuers to accurately identify the value of property. They would need to do this at least for some properties for two reasons. Firstly, while improvements have been made to online public databases in recent years (such HM Land Registry[4]), there are still gaps in information or information that has not been updated.

[4] https://www.gov.uk/government/organisations/land-registry

Individual enquiries to verify information can take weeks if not months to complete. Secondly, while some Propertymark members have pointed out online property portals such as Zoopla, OnTheMarket and Rightmove will include information, there is a considerable difference between a market appraisal (what the property was listed for) and the value of the property (when carried out by a qualified surveyor). During a transaction, potential issues can be identified including but not limited to structural concerns, damp and mould not previously found, extensions that may not have been built to regulatory requirements, pest infestations, concerns with flooding or contamination with the land. All these would potentially reduce the price that the property was paid for. Even if estate agents were required to share market data or conduct a market appraisal of the property, not only would the local authority need to pay the agent, but a market appraisal would not definitively demonstrate the value of the property; which leads into our third point. All of this means that a full valuation will need to be conducted by a qualified Royal Institution of Chartered Surveyors (RICS) surveyor.[5] This would also be necessary to understand if the value of a property has decreased, due to one of the factors mentioned earlier, or if the property would have reached a higher threshold. Organising and paying for a qualified surveyor would be a lot more expensive than relying on existing information from online databases and property listings.

Question 12: Do you agree with the proposed property types to be exempted from or discounted under HVCTS?

18. We agree with the proposed property types that have been listed for exemption or qualify for discounts under HVCTS. There was only one type of the listed property that our members think should not be exempted or discounted, this was property built to be used by diplomats.

Question 13: Noting exemptions will only apply to property types with specific characteristics that are unlikely to change, do you have views on which properties in the proposed list should be exempt and which should be discounted?

19. Our position on exemptions and discounts differ from each proposed property type. Our positions are as follows:

- **Purpose built halls of residence, provided predominantly for the accommodation of students** – The majority of our focus group members agreed that purpose-built student accommodation

[5] https://www.rics.org/

should be exempted, with 79% saying so. Only 7% stated they should neither be exempted nor discounted.

- **Property owned by the Ministry of Defence (MoD) predominantly for the accommodation of armed forces or those from a visiting force** – the majority of our focus group members agreed that property owned by the MoD should be exempted (62%) and discounted (31%).

- **Property owned by a sovereign nation predominantly for the accommodation of diplomats** – the majority of our focus group members disagreed that property owned for diplomats should be exempted or discounted, with 71% stating neither.

- **Property owned by a registered social housing provider** – our members were more likely to state that social housing providers should be neither exempted nor discounted from the HVCTS, with 46% stating neither, 31% stating discounted and 23% stating exempted. However, it should be noted that more than 50% believed social housing providers should either be discounted or exempted.

- **Property owned predominantly for the accommodation of those receiving long-term care such as care homes, long-stay accommodation in hospitals and hospices** – 71% of our focus group said accommodation for those receiving long-term care should be exempted, or discounted (21%).

- **Property owned predominantly for the accommodation of those seeking refuge from domestic violence** – 57% of our focus group stated that accommodation for victims of domestic violence should be exempted. 29% stated it should be discounted.

- **New build property owned by a developer, with the exemption or discount applying until the sooner of the point of first sale or twelve months after the completion notice was issued** – 57% of our focus group stated that new build property should have an exemption. 29% stated it should be discounted.

- **Property tied to employment** – 46% of our members stated that property tied to employment should be discounted. 31% said it should neither be exempted or discounted and 23% said it should be exempted.

- **Property owned for charitable purposes** – 43% of our members stated property owned for charitable purposes should be exempted. 28.5% stated that it should be discounted and 28% stated it should be neither exempted nor discounted.

Question 14: Is there a case for providing a discount to tied properties?

20. We agree that there is a case for providing a discount to properties tied to employment as the owner would be required to live in the property for their work. Rather than looking at specific jobs, it needs to consider the wealth of the occupier and if they are considered the owner of the property. An additional income threshold should be met, with discounts should the occupiers be equal to or lower than it.

Question 15: Is there a case for providing a discount to charities where they meet a charitable purpose test?

21. We agree that there is a case for providing a discount to charities as any money charged through the HVCTS would no longer be used for charitable purposes.

Question 16: What types of evidence would it be possible for taxpayers to provide to demonstrate eligibility for relevant discounts?

22. This would depend on the type of property that is eligible for discounts. It would largely consist of completion certificates where they can clearly demonstrate what the building is used for. In some cases, local authority data (such as property of registered charities, domestic violence shelters, new builds, social housing providers and accommodation for students) should already be in place.

Question 17: What additional resources (for example, extra information) do you anticipate local authorities may need in order to assess eligibility for a discount?

23. This question is more suited for local authorities to answer so cannot answer without speculating. However, we note that Cllr Pete Marland, Chair of the Local Government Resources Committee at the Local Government Association, which represents councils, said in November 2025 about High value council tax surcharge that, "We [LGA] call on government to urgently work with us on the

details of this plan to address practical concerns about how it would work and to avoid unintended consequences on any future council tax reform.[6]

Question 18: Do you have views on the proposed system of penalties set out above? What else would most help local authorities administer HVCTS efficiently?

This question refers to identifying owners of who are liable for Council Tax in complex structures. The UK Government proposes that local authorities should use the same method of identifying who is liable for Council Tax for identifying if properties are liable for HVCTS.

According to the consultation document, "the government proposes to legislate to introduce powers for local authorities to impose a penalty charge, applying to persons who appear to the billing authority to be owners and on whom a notice requesting information about who is liable has been served, of 10% of an annual HVCTS liability following a period of 21 days, rising to 30% following a further 21 days. Penalties will be issued at LA discretion and there will be right of appeal to the Valuation Tribunal.

24. Our focus group in general held mixed views of the effectiveness of the proposed system of penalties for failing to comply with a local authority notice requesting information about liability for HVCTS. Overall, 43% agreed the system of penalties would encourage compliance. 36% disagreed that the system of penalties would encourage compliance and 21% did not know.

25. Additionally, we have mentioned previously that we have serious concerns about the ability for local authorities to maintain up-to-date accurate records on the value of properties. Before the HVCTS can be implemented, the UK Government will need to account for how local authorities will track and identify properties that have not been sold or listed for sale, but could meet the £2million threshold, as well as homes that have increased or decreased in value to a different threshold. Considering this, we do not think that the proposed system would allow local authorities to identify all properties within the scope of the HVCTS. To fully identify all potential homes that would be liable for HVCTS, local authorities would need to employ qualified valuers who would be able to regularly inspect homes to determine their value.

[6] https://www.local.gov.uk/about/news/high-value-council-tax-surcharge-lga-statement

Question 19: Noting the need to balance fairness with incentivising the provision of accurate information, do you have views on whether the penalty outlined in this section is sufficient?

26. We do not currently know if the size of the penalty would be sufficient. When our members were asked, 95% of our focus group did not know if the financial penalty should be higher, lower or the same as proposed by the UK Government. It should be noted that the size of the penalty is a minor concern compared to the challenges for local authorities to identify all homes valued over £2million and keep track of their change in value.

Question 20: Would allowing LAs to apply a penalty to other individuals (such as managing agents) to support compliance with information requests help identify hard-to-find owners? If so, what would an appropriate penalty level be?

27. We disagree that a penalty should be applied to managing agents to support compliance with information requests to help identify hard-to-find owners. Where owners are hard-to-find, it is unlikely that they would have shared sufficient information with a managing agent to identify them. Many Propertymark members who are managing agents have expressed frustration with contacting owners who are difficult to find. As such, only 21% of our focus group agreed that local authorities should apply a penalty to managing agents. Additionally, there is no mechanism to identify and contact freeholders or offences if they fail to respond. For instance, we know that property agents can find it difficult in getting hold of the freeholder during sales processes or when leaseholders need to get in contact with the freeholder to approve home alterations or to discuss issues with the lease which slows down the sales process, frustrates consumers and does not allow the property market to support economic growth.

Question 21: Do you have any evidence on the housing market impacts of non-UK resident owners in high pressure housing markets?

28. We do not have sufficient evidence to provide a full picture of the number of non-UK residents who are purchasing property in high-pressure housing markets. However, HMRC published research in April 2025 on Non-resident Stamp Duty Land Tax. When looking at the profile of residential properties purchased, the research shows that most respondents owned one property in England (and Northern Ireland) and that London was the most popular location. Most recent

purchases were more likely to be flats or apartments rather than houses, with the mean price of their most recent purchase £442,000. Only one in ten of properties purchased by the non-UK resident buyers cost in excess of £1 million and a quarter cost more than £500,000.[7] Additionally, 36% of our focus group did say however that there were some non-UK residents who are currently in the market and looking to buy property valued over £2 million.

Question 22: Do you think the government should explore charging additional High Value Council Tax Surcharge premium on non-UK resident owners of homes liable for the tax? Please explain your answer.

29. We disagree that the UK Government should explore charging an additional High Value Council Tax Surcharge premium on non-UK resident owners of homes liable for the tax. 50% of our focus group also disagreed that non-UK resident owners should face a higher surcharge. 36% agreed. This is largely because we are concerned that non-UK residents will purchase fewer homes, reducing foreign investment into the country. We know that the UK is seen as a safe investment, particularly amongst those buying high value properties. Many expect to see the value of their property increase over time and buy property in the UK because of family or personal connections, personal knowledge of the UK, or as a safe investment. We are conscious that there may be valid arguments against non-UK residents purchasing homes at the middle or lower end of the market and leaving them empty, this is less of a concern at the higher end due to the difference in demand for these homes.

Question 23: What do you think the potential impacts of such a premium could be?

30. While 50% of our focus group stated that there would be little change, 36% stated that non-UK residents will purchase fewer homes. This will be the primary impact of a HVCTS premium on non-UK residents.

Question 24: How easy or difficult do you think it would be for owners to obtain and provide the evidence needed to support a band challenge (for example, similar properties with different bands, or sales information for similar properties from 2026)?

[7] https://www.gov.uk/government/publications/non-resident-stamp-duty-land-tax-research/executive-summary-non-resident-stamp-duty-land-tax-research

31. Owners would need to hire a full valuation from a qualified RICS surveyor. We have previously stated why but to summarise, using evidence of similar properties taken from listing websites often only shows what the property was marketed for (not necessarily what the final agreed price was) and that market valuations do not account for potential structural issues. This does however present its own issues. Owners may not always be willing to pay for this extensive survey, even if it's the only way that an accurate valuation can be determined.

Question 25: Do you agree sharing information earlier in the dispute process about property banding would help to resolve disputes?

32. Yes, but this information would have to come from a qualified surveyor.

Question 26: What would help homeowners feel confident that a challenge or appeal has been handled fairly and independently, even where the decision is not changed?

33. Any kind of appeal would need to involve an independent valuation from a qualified professional.

Question 27: Do you agree with the approach that homeowners should be able to appeal the VO banding and alterations decision and local authority's decision on liability to the Valuation Tribunal?

34. Yes, we have no further comments to make.

Question 28: Councils will require powers to enforce payment of the tax. Do you agree powers should align to those currently available in Council Tax?

35. Yes, we have no further comments to make.

Question 29: Do you have views on whether any of the proposals in this consultation will have any disproportionate impacts on persons who share a protected characteristic?

36. We are not qualified to answer this specific question.