

Council tax and business rates working at or from home

The Valuation Office Agency is responsible for banding all domestic property (in England and Wales) for council tax purposes. We value dwellings, not used for any non-domestic purpose, according to our assessment of capital value on the open market on 1 April 1991 in England and 1 April 2003 in Wales.

All properties are placed in a band according to their value on the same date to ensure the system is fair to everyone. If your property did not exist on the valuation date, staff in our local offices will have access to sufficient information about sales of similar properties to be able to work out what the value would have been at that date.

This fact sheet explains how you could be affected if you use part of your property for something other than as living accommodation.



Working from home

If you work at or from home, the part of the property used for work may be liable to business rates (also known as non-domestic rates) whilst the remainder of the property will continue to be liable to council tax (although an alteration may be made to its banding).

To decide whether or not part of your property should be liable to business rates there are a number of things we have to consider, including the extent and frequency of the non-domestic (business) use of the room (or rooms) and any modifications made to the property to accommodate that use.

Each case is considered on its own merits, and normally we will visit your property to check the facts before an assessment is made for non-domestic rates.

Business rates

If your property needs to be assessed for business rates we will work out a rateable value for the part that is used for non-domestic purposes. Rateable values are based in broad terms on the annual rent for a building or part of a building if it was available to let on the open market at a fixed valuation date. Currently this is 1 April 2003

It is important to note that rateable values are a key factor in the calculation of business rates but they are not the rates bill. An increase or decrease in rateable value does not automatically lead to a smaller or larger bill because the final calculation is based on a number of other factors. These include transitional relief and the multiplier, (rate in the pound) which is set by the Office of the Deputy Prime Minister (for England) and the National Assembly for Wales. Local authorities are responsible for calculating actual rates bills and for collecting rates.

For more information, please contact your local Valuation Office - details are in the phone book - or visit www.voa.gov.uk and www.mybusinessrates.gov.uk - both official government websites

Below are some examples of assessments we might make where part of a property is used for both domestic and non-domestic purposes.

1

- A detached Edwardian dwelling in a residential area owned and occupied by a self-employed solicitor who practices from the property, specialising in matrimonial law. The front room on the ground floor is furnished with sofa and comfortable chairs, has a TV set, and ornaments/photos of a personal nature displayed around the room. It is used on an occasional basis as a waiting room for clients during weekdays, and as the lounge by the solicitor during evenings and weekends.

- The former dining room is used as an office equipped with computer, dedicated fax and telephone line, filing cabinets, desk and shelving stocked with law books. No domestic use is made of this room. It is used by a part-time secretary when the solicitor is visiting clients or attending court.
- The ground floor kitchen is used for preparation of family meals, but also to make tea or coffee for clients. The first floor accommodation of bedroom and bathroom is wholly used for domestic purposes.



Our assessment: The office is the only non-domestic part and will be assessed for business rates. The main purpose of the front room is to serve as a lounge. In this instance, the non-domestic use is sufficiently minimal so as not to warrant assessment for business rates. The lounge and the remainder of the dwelling will be banded for council tax purposes.

2

- An integral garage of an estate house is converted to an office with plastered walls, electric power points, solid front, suspended ceiling and floor screed suitable for carpeting. A separate telephone line has been installed. Access is through the hallway of the house. All toilet facilities are in the main house.
- The room is used by the family in the evenings and occasionally at weekends. During the day the occupier designs computer software. He is employed by a major company to work at home, because of a physical disability. All of the equipment has been provided by his company and is specially adapted for his needs. He visits his employer's office on an occasional basis for meetings with colleagues and customers.

Our assessment: The former garage is no longer domestic property. It has been adapted for office use and should be assessed for business rates. The remainder is domestic.

3

- The occupier is employed as a site finder by a major building company, and travels across most of the southern part of the country, using her home as a base, but calling into the company office once a week to pick up new instructions, for meetings, and to leave completed work.
- She has a four drawer cabinet in the corner of a dining room, which also functions as an 'office' for the family computer, and there is no dedicated telephone line for business purposes.
- The occupier is out visiting sites four days a week, and does 'writing up' at home on the dining room table in the evenings and at weekends. No clients or members of the public visit the house for business purposes.

Our assessment: Dwelling is domestic property, and should be banded for council tax.

4

- A doctor uses a room in his house as a consulting room three days a week. The main practice surgery is situated some three miles away near the town centre. The house is more convenient for patients who live locally.
- A concrete ramp has been added to the front door and the door opening to the hall and the consulting room has been widened to accommodate a wheelchair. No one in the doctor's family is disabled.

- In the room itself there is an examination couch which is essentially a single bed with a cotton sheet thrown over it. A paper sheet is added and removed after use by each patient.
- There is no office desk as such but there is a computer, table and chair in a corner of the room, which are used by the doctor during his consultations.
- No patient's records are held at the house, nor are there any medicines. Basic medical equipment is kept in the doctor's medical bag or stored in a drawer after use.
- There is planning consent for use as a branch surgery and part of the front garden has been surfaced to accommodate two to three extra private vehicles. There are parking restrictions in the street.
- On the walls of the consulting room the doctor has attached pictures painted by his young children, and there are toys in the corner of the room, which belong to his children but can be played with by young patients. There is a brass sign outside the front door to advertise surgery hours.
- The remainder of the week the doctor attends surgeries at the main premises, and in the afternoons he makes house calls. Other than for consultations the room is often unused, but when friends come to stay it can be used as a spare bedroom. At weekends, and some evenings the doctor uses the room to read professional papers or watch a portable TV away from the children.

Our assessment: The principal use of this room is as a doctor's surgery, and occasional use for domestic purposes is minor. The room should be separately assessed for business rates, and the remainder of the dwelling banded for council tax.

5

- A teleworker formerly employed by a large national company in a call centre now works for the company five days a week at home, using a spare bedroom to house an office desk, telephone consul, computer terminal and chair all supplied by her employer. Her hours are flexible but generally the room is used for the purposes of work at least 40 hours each week. During evenings and weekends it is used by other members of the family for leisure purposes, and by the taxpayer for doing domestic chores such as ironing. No physical alterations have been made to the property other than installation of new telephone lines, and no members of the public or work colleagues visit the house for business purposes.

Our assessment: Rateability will not arise unless equipment of a non-domestic sort is installed or the property is physically adapted for the business use. This is because the character of the room remains as domestic living accommodation, and the purposes of living accommodation may include recreational and leisure use and work. Also the taxpayer uses furniture and equipment of the kinds that are commonly found in domestic property.