

Wem Town Council Taxbase 2021/22

Year	Council Tax Base	Precept Requirement	Band D Council Tax Charge
2019/20	1986.33	£316,462	£159.31
2020/21	2015.05	£334,049	£165.78
2021/22	1975.47	£333,999	£169.07

The tax base for Wem has gone down this year, the Tax base can go down due to more properties in the Parish claiming for discounts most commonly due to an increase in the number of properties claiming single occupancy discount. Other factors include homes being demolished, becoming empty, becoming second homes, boundary changes or a change in collection rate caused by people not paying Council Tax bills. The reduction in 2021/22 can also be attributed to the economic effects of Covid-19 on residents in the town.

The 2021/22 Council tax base is 1975.47 which is a reduction of 39.58 on the 2020/21 taxbase of 2015.05. The 39.58 (diff) divided by last years council tax base, multiplied by 100 gives the percentage of either an increase or reduction.

$39.58/2015.05 = 0.019642 \times 100 = 1.9642$ which = 1.96% reduction of council tax base

For 2021/22, Wem's tax base has reduced by 39.58 (1.96%). This equates to a loss of income from Council Tax of **£6562**.

Therefore due to this decrease in the tax base (see Shropshire Council letter) to show a 0% precept **the Town Council's** precept request needs to be **£327493**

The suggested figure of £333,999 equates to an increase of 1.99% on 2020/21. This gives a Band D payable of £169.07. Properties in Bands A,B and C will pay less.

Town Council Precept Fact Sheet

1. What is the tax base?

This is the **estimated** number of band D equivalent properties within the Parish **for the coming year**.

2. How the tax base is calculated?

The tax base is produced from the Council Tax system. This produces a listing of all the properties in each Parish, it then adjusts this to account for any discounts that are given, for example, single occupancy, second homes, homes that are empty or exempt. The properties are then translated into band D equivalents using the ratios below:

21.1.21

Agenda item 7 Town Council Precept

Band A 6/9

Band B 7/9

Band C 8/9

Band D 9/9 (1)

Band E 11/9

Band F 13/9

Band G 15/9

Band H 18/9

Finally, the estimated number of Band D equivalents to be built in the year is added on and a collection rate is applied. This then gives the total number of band D equivalent properties to use for the tax base.

3. What is the tax base used for?

The tax base is used to calculate the Band D charge for each Parish. This is done by dividing the total precept requirement by the tax base. This figure will be compared to the previous year's band D charge and published on the Shropshire Council's website. A common query is when the Parish has set its precept at the same monetary value as the previous year but find that the charge per band D property has gone up. This will be due to the tax base having reduced i.e. number of properties which can be collected from has gone down.

Example calculation.

Parish A has agreed a precept of £100000 and has a tax base of 2000. The Council Tax payable is calculated by dividing the precept by the tax base. In this example, the Band D Council Tax is $£100000 / 2000 = £50$

If in the following year, the precept goes up to £110000 but the tax base remains the same, the Band D Council Tax will be $£110000 / 2000 = £55$ – an increase of £5 or 10%.

However, if the precept remained the same but the tax base went down to say 1900, the Band D Council Tax will be $£100000 / 1900 = £52.63$ – an increase of £2.63 or 5.3%. Even though the precept has remained the same because the tax base has gone down the Band D Council Tax has increased because there are fewer Band D properties to collect the same amount from.