



Ministry of Housing,  
Communities &  
Local Government

Correspondence

# **Council tax information letter 2/2026: Carers disregard, local council tax support schemes and other matters**

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**Applies to England**

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To: Local authorities in England – For the attention of the Council Tax section

From: Local Taxation and Pensions Division, Ministry of Housing, Communities and Local Government ([council.tax@communities.gov.uk](mailto:council.tax@communities.gov.uk))

Date: 18 February 2026

Dear Colleagues

This letter provides an update on several council tax matters. This includes; the accuracy of information provided about council tax, council tax reduction schemes and changes to welfare, local government reorganisation and the second homes premium and how council tax liability is affected by the Renters Rights Act.

## Maintaining the accuracy of council tax information

It is the government's clear expectation that the information councils provide on bills and on websites is accurate and up to date. However, we are aware of certain cases where information has been inaccurate. In particular, it appears that some councils continue to provide information showing prescribed benefits in relation to the carers disregard as it was prior to relevant amendments being made to the legislation in 2013.

In order for a carer to be disregarded for council tax purposes, in addition to the other statutory conditions being met<sup>[footnote 1](#)</sup>, the person being cared for must be entitled to a qualifying benefit. The list in the Schedule is available in [The Council Tax \(Additional Provisions for Discount Disregards\) Regulations 1992](https://www.legislation.gov.uk/ukSI/1992/552/schedule) (<https://www.legislation.gov.uk/ukSI/1992/552/schedule>).

Currently a person receiving care must be entitled to one of the following benefits:

- an attendance allowance
- the highest or middle rate of the care component of a disability living allowance
- armed forced independence payment
- standard or enhanced rate of the daily living component of personal independence payment

- an increase in the rate of his disablement pension under section 104 of the Social Security Contributions and Benefits Act 1992 by an amount which is the highest amount determined in accordance with paragraph (a) of regulation 19 of the Social Security (General Benefit) Regulations 1982 or, in a case to which paragraph (b) of that regulation applies, the amount determined in accordance with that paragraph
- an increase in a constant attendance allowance under the proviso to article 14 of the Personal Injuries (Civilians) Scheme 1983, or under article 14(1)(b) of the Naval, Military and Air Forces etc. (Disablement and Death) Service Pensions Order 1983 (including that provision as applied, whether with or without modifications, by any other instrument)

We are encouraging councils to review their websites and other sources of information to ensure this, and all information provided on council tax support, is accurate. More broadly councils should consider how they can make this information as user friendly and accessible as possible. Council tax discounts and disregards are an integral part of the system, and it is right individuals have the information to access this support.

## Council tax reduction schemes and welfare changes

### Removal of two child limit

Billing authorities are responsible for designing and reviewing their council tax reduction schemes in consultation with their residents. [Section 13A\(2\) of the Local Government Finance Act 1992](#)

[\(https://www.legislation.gov.uk/ukpga/1992/14/section/13A\)](https://www.legislation.gov.uk/ukpga/1992/14/section/13A) requires that schemes should specify reductions for persons or classes of persons the authority considers to be in financial need. As councils consider changes to their schemes ahead of the 11 March statutory deadline, they may wish to carefully consider the implications of legislation currently before Parliament.

#### [The Universal Credit \(Removal of Two Child Limit\) Bill](#)

[\(https://bills.parliament.uk/bills/4059\)](https://bills.parliament.uk/bills/4059) was introduced on 8 January 2026.

Subject to Parliamentary approval, the legislation will remove the policy of paying child element for a maximum of two children in a household from Universal Credit from 6 April 2026. The same reform will apply to working-age Housing Benefit through the making of regulations which have effect from that date.

These changes will increase the amount of welfare support available to families with three or more children and further the government's aims to reduce the number of children living in poverty, as set out in [Our Children, Our Future: Tackling Child Poverty](https://www.gov.uk/government/publications/our-children-our-future-tackling-child-poverty) (<https://www.gov.uk/government/publications/our-children-our-future-tackling-child-poverty>). Billing authorities are encouraged to consider the interaction of their council tax reduction schemes with this change to the wider benefits system and the level of the support such families receive.

## Migration from legacy benefits to Universal Credit

Billing authorities are also reminded about the ongoing migration of claimants from legacy benefits to Universal Credit. The government is aware that variations in the way that council tax reduction schemes assess legacy benefits, Universal Credit and transitional protection payments may result in some claimants losing council tax support following migration, even where their household income has remained the same.

Although decisions on this are for billing authorities to take, the government encourages them to reflect carefully on the way they treat benefit income and the potential impacts for low-income households. Billing authorities are also encouraged to explain their approach to affected taxpayers.

## Local government reorganisation and the second homes premium

Since 1 April 2025 billing authorities have been able to charge a premium of up to 100% on a dwelling which is substantially furnished and has no resident ('the second homes premium'). Councils must make a formal determination in order to charge the premium.

### [Section 11C\(3\) of the Local Government Finance Act 1992](https://www.legislation.gov.uk/ukpga/1992/14/section/11C)

<https://www.legislation.gov.uk/ukpga/1992/14/section/11C> requires that "A billing authority's first determination under this section must be made at least one year before the beginning of the financial year to which it relates". This provision ensures that taxpayers are given adequate notice before the premium is first charged in the billing authority's area.

New unitary councils established through the government's programme of reorganisation may inherit predecessor council areas where the second homes premium has never been introduced. The government will shortly amend the [Local Government \(Structural Changes\) \(Finance\) Regulations](#)

[2008 \(https://www.legislation.gov.uk/ukxi/2008/3022/contents/made\)](https://www.legislation.gov.uk/ukxi/2008/3022/contents/made) to clarify that where a new council wishes to introduce the premium in one of these predecessor areas it must make a determination at least one year before the beginning of the financial year to which it relates.

This will ensure that taxpayers in these parts of reorganising areas are treated in the same way as taxpayers who are already subject to the premium. The regulations will not affect the ability of current billing authorities to make a second homes premium determination prior to the relevant council tax functions passing to the unitary council.

The regulations are due to be laid on 2 April 2026 and will come into force on 30 April 2026. We will write to councils to confirm that the regulations have been laid.

## Renters Rights Act and council tax liability

The government is aware of concerns regarding the abolition of fixed term assured tenancies and how this may affect council tax liability. The Renters Rights Act includes a measure that clarifies council tax liability, once fixed term assured tenancies are abolished and all PRS tenancies are periodic in nature. It ensures tenants will be liable for council tax until the end of the notice period, where they have served notice to end the tenancy but leave the property early. The relevant measure is in [section 28 of the Act \(https://www.legislation.gov.uk/ukpga/2025/26/section/28/enacted\)](https://www.legislation.gov.uk/ukpga/2025/26/section/28/enacted).

Should you have any queries, please contact the Department at: [council.tax@communities.gov.uk](mailto:council.tax@communities.gov.uk).

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1. See paragraph 9 of Schedule 1 to the Local Government Finance Act 1992 and regulation 2 of, and the Schedule to, [The Council Tax \(Additional Provisions for Discount Disregards\) Regulations 1992 \(https://www.legislation.gov.uk/ukxi/1992/552/contents\)](https://www.legislation.gov.uk/ukxi/1992/552/contents), as amended.



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