

PROPERTY EXPERT

Green targets are taxing issue for home owners

Laura Raby, of Black Country law firm Hawkins Hatton, looks at the tax implications for home owners who fail to respond to new Government measures designed to make property more energy efficient.

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Under new Government proposals expected to come into force this autumn, Council Tax and Stamp Duty Land Tax could be increased for millions of homes that are not energy efficient.

This could lead to many home owners being unable to sell their properties without spending thousands of pounds on improving the energy rating.

Experts have criticised the proposals saying that it is yet another stealth tax dressed up as an environmentally friendly measure.

Since last October, energy performance certificates (EPCs) have been obligatory for all homes placed on the market for sale or rent. EPCs provide an energy efficiency rating of a property from A to G with A being the best rating. The EPCs also include a recommendations report setting out suggested improvements to reduce both carbon emissions and fuel bills.

It appears the Energy Saving Trust (who advise the Government) want to prevent the sale or letting of homes with an F or G rating by 2015. This is unwelcome news for owners of properties with no insulation such as quaint thatched cottages or Victorian properties with solid brick walls.

Measures to move these sorts of properties to a higher rating would include the installation of a condensing boiler, insulating solid walls, installing double glazing and replacing the roof – a costly exercise for any seller.

Critics have said the new proposals could see the removal of period features such as sash windows which are in fact energy efficient. However there would be exceptions for listed buildings if the owners could prove that energy efficiency measures would damage historic character.

To fund the cost of expensive work required to improve the energy efficiency of a property the Government plans to introduce "green mortgages".

Under such mortgages home owners can apply for loans to cover expenditure such as installing new boilers, loft and cavity wall insulation and even solar panels. These "green mortgages" would be made available by banks in partnership with local councils and would be worth £10,000 to £15,000 repayable over approximately 25 years.

Those who refuse to take steps to improve energy efficiency of their property could face higher Council Tax bills and the threat of raised Stamp Duty Land Tax when they come to sell their properties.

It has been considered that home owners may recoup their investment if potential buyers are likely to be willing to pay a higher price for a home with lower fuel bills. The Government commitment to this regime is unquestionable.

Climate Change Secretary Ed Miliband has said he aims for seven million homes to have undergone energy efficient upgrades by 2020 and the rest by 2030.

For more information about Energy Performance Certificates contact Laura Raby on (01384) 216840 or lraby@hawkinshatton.co.uk.



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