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The new high-value council tax surcharge

A significant change for homeowners in England, particularly those with high-value properties

The Autumn Budget 2025 has introduced a major change for homeowners in England, especially those with high-value properties. The government announced the introduction of a High Value Council Tax Surcharge (HVCTS), which many are calling a "Mansion Tax." This new measure is due to come into effect from April 2028 and will affect residential properties worth over £2 million.

This surcharge is meant for homes at the high end of the property market. It will be added to the usual council tax bill. The introduction of the HVCTS represents a significant change in property taxation, targeting a specific group of homeowners as part of the government's broader fiscal plan. The surcharge is intended to ensure that those with the most valuable properties pay more towards local services.

A closer look at the changes

The HVCTS will be organised in tiers, with the amount payable rising with the property's value. For homes valued just above the £2 million threshold, the surcharge will start at £2,500 per year. This amount will increase gradually for more expensive properties. The highest band applies to homes valued at £5 million or more, which will face an annual surcharge of £7,500.

This tiered system means the financial impact will differ significantly based on a property's market value. The government's aim is to establish a progressive framework in which the extra tax burden is proportional to property wealth. For homeowners affected, this will become a new and recurring annual expense to be included in their household budgets from 2028 onwards.

Revaluation and its implications

A key part of this new policy is the planned revaluation of properties. The Valuation Office Agency (VOA) is set to conduct a revaluation in 2026, which will form the basis for the new surcharge. This process will specifically reassess the values of properties currently in council tax bands F, G, and H. The outcome of this revaluation will decide which properties fall into the new HVCTS framework.

The 2026 valuations will be crucial in setting the new baseline for high-value properties. Homeowners whose properties have experienced significant appreciation since the last valuation may find themselves subject to the surcharge for the first time. The revaluation seeks to better align the tax system with current property market conditions, but it will likely create uncertainty for many until the new values are confirmed.

Who will be affected?

The HVCTS will apply solely to residential properties in England. Although it targets properties valued above £2 million, the 2026 revaluation might increase some homes formerly valued below this amount to above the threshold. This is especially relevant in areas experiencing high property value growth, such as London and the South East, but it could also impact owners of large or distinctive properties in other regions of the country.

Homeowners in the higher council tax bands (F, G, and H) should pay attention to these upcoming changes. Even if a property's current value is below £2 million, a substantial increase during the

2026 revaluation could make it liable for the surcharge. Therefore, understanding the local property market and potential valuation results becomes more crucial than ever.

Preparing for the future

With the changes set to take effect in April 2028, homeowners have a window of time to prepare. The period between the 2026 revaluation and the 2028 implementation will be crucial for understanding the specific financial impact. Once the VOA releases the new valuations, property owners will have a clear understanding of whether they will need to pay the surcharge and at what level.

This advance notice helps with financial planning. Those likely to be affected may wish to begin considering how to manage this extra cost. It also offers an opportunity to review personal finances and property assets before the changes. Staying informed about the progress of the revaluation and subsequent government announcements will be crucial for all high-value property owners.

If you believe these changes may affect you and you require further information or specific advice on your property, we recommend seeking professional guidance to help you navigate the upcoming adjustments. ■

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