

**CREDIT CARD PAYMENTS – COUNCIL TAX AND NON DOMESTIC RATES  
(Report by the Head of Revenue Services)**

**1. INTRODUCTION**

- 1.1 On 11 April 2002, Members agreed to accept payment by credit and debit cards for council debts. Minute 01/201 (c) specifically excluded payment by credit cards for Council Tax and National Non Domestic Rates.
- 1.2 Customers and staff would like the opportunity to pay these debts by credit card, especially with the planned expansion of telephone payments and introduction of Internet payments. Additionally, the Council's bailiffs already take payments in this way, and officers believe that offering this service could prevent some accounts being sent to the bailiffs and so incurring extra fees and charges.

**2. BACKGROUND**

- 2.1 Council Tax is collected by the District Council on behalf of the County, Fire, Police and parish councils. The average band D tax for 2005/06 is £1190.99. Of this, only £106.54 remains with Huntingdonshire DC (almost 9%).
- 2.2 Similarly, National Non Domestic Rates are collected by the District Council and sent to the Treasury for inclusion in the National Non Domestic Rates pool. Money from the pool is distributed to all councils using a formula based on the population of the area. Effectively, the Council acts as the agent for the government in the collection of Rates. Non Domestic Rates instalments are likely to be higher than Council Tax instalments. Any costs incurred fall to be paid by the District Council.
- 2.3 The average Council Tax instalment is around £120. The district council retains £10 of this. The fees for the credit card company and the secure Internet service provider are currently 3.5% of the whole instalment amount. Effectively, the Council would pay £4.50 in administration fees and keep only £5.50 of its own income. The precepting authorities would not contribute to the cost of collection.
- 2.4 As part of improving customer services and the Customer First programme, the Council is implementing an electronic payments facility. This will enable staff handling calls or members of the public to make payments over the phone or Internet. This facility is due to go live in April 2005 and will be introduced into the Call Centre when it goes live. The e-payments computer software enables a handling charge to be added to the payment amount. This would mean that Huntingdonshire DC could recoup the cost of handling credit card payments from the person or company making the payment.
- 2.5 There is no suggestion that handling charges be introduced for other payments at the present time.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The additional software to enable the addition of a handling fee on Council Tax and Non Domestic rates payments is £1500. This can be met from existing budgets.

### **4. RECOMMENDATION**

- 4.1 It is therefore

#### **RECOMMENDED**

That Cabinet approves the introduction of Credit Card payments for Council Tax and Non Domestic Rates, subject to the addition of a handling fee equivalent to that charged by the banking and Internet service providers.

#### **Backgrounds papers**

Cabinet minutes 11 April 2002. Minute 01/201 (c)

**Contact Officer:** Julia Barber, Head of Revenue Services ☎ [01480] 388105