

Understanding What Council Tax Actually Is, Who It Addresses, and Why You Have a Choice

Council tax is one of the most discussed topics in groups questioning the statutory system. There is a lot of noise, a lot of confusion, and a lot of people getting into trouble because they challenge council tax without understanding the mechanism. This article aims to cut through that noise and explain clearly what council tax is, how it attaches, and what options the law actually provides.

WHAT IS COUNCIL TAX?

Let's start with what council tax is — because it's not what most people think it is.

Council tax is **not a bill for services**. Your council provides services — waste collection, road maintenance, social services, libraries — but council tax is not a direct charge for any of them. You don't get a bill for the bin collections you actually received, or the roads you actually used.

Council tax is a **statutory tax** — a charge imposed by statute (the Local Government Finance Act 1992) on "persons" who fall within defined categories in relation to "chargeable dwellings." The money goes into a central fund from which the council provides services generally.

This distinction matters. A bill for services implies a contract — you received something, you pay for it. A tax implies statutory

authority — the statute says you must pay, and the statute defines who "you" is.

The question is: who is the "you" that the statute addresses?

HOW COUNCIL TAX ATTACHES

Council tax doesn't attach to living men and women directly. It attaches through a very specific mechanism — one that most people have never examined.

Step 1: The Statute Addresses "Persons"

The Local Government Finance Act 1992, Section 6 is titled:
"Persons liable to pay council tax."

Not "people." Not "men and women." Not "human beings."
Persons.

As we know from the Interpretation Act 1978, "person" is a defined statutory term — it includes bodies corporate and unincorporate. It is a legal construct. When statute addresses "persons," it addresses legal entities within the statutory system.

Step 2: The Statute Assigns Roles

Section 6(2) creates what is called a "hierarchy of liability." This is a list of statutory roles, and liability attaches to whichever role applies first:

Priority	Statutory Role	Description
(a)	Resident freeholder	A resident of the dwelling who has a freehold interest
(b)	Resident leaseholder	A resident with a leasehold
(c)	Resident statutory/ secure tenant	A resident who is a statutory or secure tenant
(d)	Resident licensee	A resident with a contractual licence to occupy
(e)	Resident	Any other resident
(f)	Owner	The non-resident owner

Notice what's happening here. The statute doesn't say "John Smith must pay council tax." It says that a **person** who fills a **statutory role** in relation to a **chargeable dwelling** is liable.

The roles — resident, freeholder, leaseholder, tenant, licensee, owner — are all **statutory constructs**. They are defined by statute. They exist within the statutory system. They attach to the legal person.

Step 3: The Roles Attach to the Legal Person

When you "bought" a property, it was registered in a NAME. When you "rent" a property, the tenancy agreement is in a NAME. When

council tax records are created, they are created for a NAME at an address.

That NAME is the legal person — the statutory construct created at birth registration. The statutory roles (owner, tenant, resident, licensee) attach to that legal person.

The council addresses its demand to the legal person. The statutory roles identify which legal person is liable. The obligation exists within the statutory system, between statutory constructs.

Step 4: The Presumption

Here is where it reaches you.

The system **presumes** that you, the living man or woman, ARE that legal person — or at least, that you act as its agent. It presumes that when an obligation attaches to the legal person, you will perform it. It presumes that the beneficial interest in your labour (the money you earned) validly sits with the legal person and can be claimed through it.

This presumption is so deeply embedded that most people never notice it exists. You receive a bill addressed to your NAME, and you pay it. You respond as if you ARE the legal person. The council treats your payment as confirmation that you accept the obligation.

But presumption is not proof. And when you examine what the law actually requires for this mechanism to work, you find something remarkable.

THE TWO PRESUMPTIONS

Every statutory claim against a living being — including council tax — depends on two presumptions. If either fails, the claim cannot reach you.

Presumption One: That You Are Agent for the Legal Person

For the legal person's obligations to bind you, you must be acting as its agent. Agency is a contractual, fiduciary relationship requiring:

- An offer of appointment
- Your knowing acceptance
- Consideration (something of value exchanged)
- Intention to create legal relations
- Certainty of terms
- Capacity of both parties

No such contract exists. You never signed an agency agreement. You were never told you would be acting as agent for a statutory construct. You were never offered terms or given the choice to accept or decline. The "agency" is presumed from your conduct — paying bills, responding to correspondence, identifying as the NAME.

But conduct is not contract. Presumption is not proof. And equity — which governs fiduciary relationships — is clear: fiduciary roles cannot be imposed without acceptance. "Equity will not compel acceptance of a trust."

Presumption Two: That Beneficial Interest Transferred to the Legal Person

For the council to claim your money through the legal person, beneficial interest must sit with that legal person. Your earnings — the fruits of your labour — must have somehow become the legal person's property, accessible through statutory claims. But when did that happen? Where is the instrument that transferred your beneficial interest — in yourself, your labour, your earnings — to the legal person?

For beneficial interest to transfer in equity, there must be a valid instrument. That instrument must operate *in personam* — meaning it must bind the conscience of a living being. A legal person has no conscience. No such instrument was ever executed. You never knowingly agreed to transfer your beneficial interest to the statutory construct.

The transfer never occurred.

WHAT EQUITY SAYS

Equity is the body of law that governs beneficial interest, fiduciary relationships, and fairness. It has constitutional status — where

common law and equity conflict, equity prevails (Senior Courts Act 1981, s.49).

Here is what equity says about the situation:

"Equity will not compel acceptance of a trust" — You cannot be forced into the fiduciary role of agent for the legal person. The presumption of agency is not acceptance.

"Equity will not aid a volunteer" — The council, having no contract with you, acts as a volunteer seeking to enforce a claim without contractual foundation. Equity will not assist them.

"Fraud vitiates everything" — The concealment of the true nature of the relationship — that obligation attaches to a legal person, not to you directly, and that your agency is presumed, not contracted — constitutes equitable fraud. It vitiates the arrangement.

"Equity acts in personam" — Equity binds the conscience. The legal person has no conscience. For equity to reach you, there must be a valid connection — not a presumption.

"Equity regards substance over form" — The form is a council tax bill addressed to a NAME. The substance is: no contract exists, no agency was accepted, no beneficial interest was transferred.

THE RESULTING TRUST

Because no valid instrument transferred your beneficial interest to the legal person, that transfer never occurred. In law, when a purported transfer of beneficial interest fails, a **resulting trust** arises automatically — by operation of law, not by your declaration.

This means:

1. **The legal person holds bare legal title only** — it is an empty shell, an administrative label
2. **Beneficial interest remains with you** — the living man or woman who originated it
3. **Statutory claims attach to the legal person** — but cannot reach the beneficial interest that was never validly transferred to it

The resulting trust exists whether or not you declare it. It arises by operation of law because the requirements for transfer were never met. Your beneficial interest never left you.

STANDING: WHY IT MATTERS HOW YOU RESPOND

This is where many people go wrong. They understand that something isn't right, but they respond from the wrong position — and the system processes their response as if it came from the legal person, reinforcing the very presumption they're trying to challenge.

What Doesn't Work

Responding as the legal person: If you write back saying "I, [FULL NAME], dispute this bill" — you have identified yourself AS the legal person. You have acted as its agent. You have reinforced the presumption.

Responding as a "living being": If you write back saying "I am a living man and am not liable" — the statutory system does not recognise "living man" as a category. You have no standing within the system from which to engage. The response gets categorised as "freeman" material and dismissed.

What Does Work

You need **recognised standing** — a position the system can process, which is not the legal person itself and not an unrecognised status.

There are two options:

Option 1: The Resulting Trust Position (no declaration needed)

The resulting trust exists by operation of law. You can respond as the **sole beneficiary, absolutely entitled**, who governs the bare trustee legal person. The legal person has no living agent and no

fiduciary trustee with competence to act for it. You are not its agent. You are the beneficiary of a trust that arises because the transfer of beneficial interest failed.

This position requires no formal declaration — the resulting trust exists whether or not you declare it. However, it can be less clear operationally because you haven't formalised the structure.

Option 2: The Express Trust Position (recommended)

Better still, you can declare a **private express trust** that formalises the true relationship. This gives you:

- A defined capacity: **Trustee, in fiduciary capacity only**
- A clear structure: the legal person is trust property (bare trustee), administered by the Trust
- Recognised standing: a trustee acting in fiduciary capacity is a position the system understands
- Separation: you are expressly NOT the legal person and NOT its agent

When you respond from this position, you are not the legal person claiming not to be liable. You are the trustee of a trust that governs the legal person, and the trust has not authorised any representative to engage with the claim.

This is a governance decision, not an evasion. The legal person is not incompetent — it is governed. The trust has simply not authorised engagement because no valid basis for the claim has been established.

A PRACTICAL EXAMPLE

The council sends a council tax bill to **MR JOHN SMITH** at an address.

A response from the Trustee of the express trust might look like this:

From:
John: (family Smith)
Trustee, Private Irrevocable Express Trust
In Fiduciary Capacity Only

Care of: [Address]
Date: [Date]
To: [Council Name] — Council Tax Department
Re: Your reference [Account Number]

I write as Trustee of a private express trust which administers the legal person MR JOHN SMITH as bare trustee and trust property.

No representative has been authorised to engage with this claim on behalf of the above-named entity.

I note the following:

1. The legal person MR JOHN SMITH is trust property administered by this Trust. It is a bare trustee holding legal title only. It holds no beneficial interest.

2. Council tax liability under the Local Government Finance Act 1992, Section 6 attaches to a "person" filling a statutory role (resident, owner, tenant, licensee). These are statutory roles attached to the legal person. The Trust has not authorised any representative to accept or perform these roles on behalf of the above-named entity.

3. No agency contract exists by which any living being has been appointed to act as agent for MR JOHN SMITH. The presumption of agency from conduct is not a valid contract meeting the requirements of offer, acceptance, consideration, intention, certainty, and capacity.

4. No instrument exists by which beneficial interest was transferred to MR JOHN SMITH. By resulting trust, all beneficial interest remains with the living beneficiary.

The Trust conditionally accepts upon verified proof of:

(a) A signed bilateral contract establishing the obligation claimed between MR JOHN SMITH and [Council Name]

(b) An instrument evidencing the valid transfer of beneficial interest to MR JOHN SMITH

*(c) Authority to compel this Trust to authorise a representative
absent such contract and instrument*

*Absent such proof, no representative will be authorised for this
claim.*

John: (family Smith)

Trustee, Private Irrevocable Express Trust

In Fiduciary Capacity Only

Not as agent or representative for the above-named entity

Why This Works

This response:

- **Comes from recognised standing** — a trustee in fiduciary capacity, not the legal person and not an unrecognised "living man"
- **Acknowledges the legal person exists** — it doesn't deny it, it identifies it as trust property
- **Identifies the mechanism** — statutory roles attach to the legal person
- **States the governance position** — the Trust has not authorised engagement
- **Challenges both presumptions** — no agency contract, no transfer of beneficial interest
- **Shifts the burden** — the council must produce the contract and instrument, or acknowledge the claim cannot proceed
- **Conditionally accepts** — it is not a refusal, it is a request for proof. If they can prove the claim, the Trust will consider it

THE STATUTORY ROLES EXPLAINED

It's worth understanding exactly how the statutory roles work, because they reveal the mechanism clearly.

Owner

"Owner" is defined in the Act as a person with a "material interest" (freehold or leasehold of six months or more) where no inferior material interest exists. This is a statutory definition. The "owner" for council tax purposes is the legal person in whose name the title is registered — not the living being who paid for the property.

Resident

"Resident" is defined as "an individual who has attained the age of 18 years and has his sole or main residence in the dwelling." Note: "individual" — itself a statutory term — and "his sole or main residence." The system treats the legal person as having a "residence." A statutory construct does not reside anywhere. The living being resides. But the system attributes that residence to the legal person.

Tenant

Tenant, leaseholder, licensee — all statutory relationships defined by statute, created by agreements signed in the NAME of the legal person.

The Pattern

Every role in the hierarchy is a **statutory construct** attached to the **legal person**. The living being's involvement is always **presumed** — presumed to be the person, presumed to be the agent, presumed to have transferred beneficial interest.

COUNCIL TAX IS A CLAIM LIKE ANY OTHER

This is the key insight. Council tax is not special. It is not different in nature from any other statutory claim. It operates by exactly the same mechanism:

1. **Statute creates an obligation** on a "person"
2. **The obligation attaches** to the legal person through a statutory role
3. **The system presumes** that you are agent for that legal person
4. **The system presumes** that your beneficial interest sits with the legal person
5. **The council enforces** the claim against the legal person — and through it, reaches you

The two presumptions are the same as for every statutory obligation — income tax, road tax, licensing, regulation. Council tax just happens to be the one that arrives most frequently and most visibly through your letterbox.

When you understand the mechanism for council tax, you understand it for everything.

WHY THERE IS SO MUCH NOISE

The reason council tax generates so much confusion and so many failed challenges is that people attempt to challenge the **obligation** without understanding the **mechanism**.

They say: "Council tax is unlawful" — it isn't, within the statutory system. The statute validly imposes the tax on persons filling defined roles.

They say: "I don't consent to pay" — the council responds (correctly, within its understanding) that consent is not required for a statutory tax.

They say: "I am a freeman and not bound" — the council pattern-matches this to prepared responses and takes no notice.

They say: "There is no contract" — the council says (again, correctly within its framing) that a contract is not required for a tax.

All of these challenges fail because they challenge the wrong thing.

The challenge is not to the obligation itself. The obligation validly attaches to the legal person. The challenge is to the **presumption**

that connects you to the legal person and the presumption that your beneficial interest sits with it.

When the challenge is properly framed — from recognised standing, addressing the correct mechanism, shifting the burden to prove agency and transfer — the council faces a fundamentally different problem. They must produce instruments that do not exist.

THE COUNCIL'S PREPARED RESPONSES

Councils across the country have published nearly identical pages addressing "freeman" challenges. They state:

- "Council tax is a statutory tax, not a contract"
- "Individual agreement is not necessary"
- "Whether a name is legal or fictional is irrelevant"
- "Being a freeman does not exempt you"

These responses address arguments that are incorrectly framed. They are perfectly adequate responses to people who claim the tax is illegal, who demand contracts for a statutory obligation, or who assert they are "freemen."

They do not address:

- The absence of an agency contract connecting the living being to the legal person
- The absence of an instrument transferring beneficial interest
- The equity principles that protect against imposed fiduciary roles

- The resulting trust that arises when transfer requirements are not met
- A response from a trustee in fiduciary capacity governing the legal person as trust property

The council's prepared responses are designed for challenges that attack the obligation. They are not designed for challenges that address the mechanism of attachment.

A WORD OF CAUTION

Council tax is enforced aggressively. Councils apply to magistrates' courts for liability orders. Bailiffs attend properties. In extreme cases, people have been imprisoned.

This article is not an invitation to stop paying council tax without understanding what you are doing. It is an explanation of the mechanism and the legal principles that apply.

If you are considering challenging council tax:

- **Understand the mechanism fully** before taking action
- **Establish your standing** properly — ideally through an express trust
- **Respond correctly** from the right capacity
- **Create a clear record** of your position
- **Be prepared for the administrative level** to dismiss your position — the record is created for the judicial level where legal principles must be addressed on their merits
- **Seek guidance** from others who have navigated this process

The principles are sound. The protections exist. But the system operates at the administrative level on presumption and pattern-matching. Your position may need to be maintained through multiple exchanges before it reaches someone with the authority and understanding to address it properly.

CONCLUSION

Council tax is a statutory obligation imposed on legal persons through defined statutory roles. It reaches living men and women through two presumptions: the presumption that you are agent for the legal person, and the presumption that your beneficial interest was validly transferred to it.

Neither presumption was ever proven. No agency contract exists. No instrument of transfer was executed. Equity — which governs fiduciary relationships and beneficial interest — provides specific protections against both presumptions. The resulting trust, arising by operation of law when transfer of beneficial interest fails, confirms that beneficial interest remains with the living being.

These are not novel theories. They are established principles of agency law, trust law, and equity applied to the mechanism by which statute reaches living beings.

Council tax is a claim like any other statutory claim. The mechanism of attachment is the same. The presumptions are the same. The protections are the same.

Understanding the mechanism changes everything. Not because the obligation disappears — it validly exists within the statutory system, attached to the legal person. But because the connection between that obligation and you — the living man or woman — was never established by law. It was established by presumption.

And presumption, when properly challenged from recognised standing, must yield to proof.

The proof does not exist. It never did.

For those wishing to explore further: the course provides comprehensive analysis of the legal principles discussed here. The equity protections, the resulting trust doctrine, and the mechanism of statutory attachment are examined in detail with full authorities cited.

References:

Primary Legislation:

- Local Government Finance Act 1992, Sections 6-9 (liability hierarchy)
- Council Tax (Administration and Enforcement) Regulations 1992

- Interpretation Act 1978, Schedule 1 (definition of "person")

Equity and Trust:

- Senior Courts Act 1981, s.49 (equity prevails)
- Westdeutsche Landesbank v Islington LBC [1996] AC 669 (resulting trusts)
- Knight v Knight (1840) 3 Beav 148 (requirements for valid transfer)
- Lazarus Estates v Beasley [1956] 1 QB 702 (fraud vitiates everything)

Agency:

- Lennard's Carrying Co Ltd v Asiatic Petroleum Co Ltd [1915] AC 705 (legal persons require agents)
- Nash v Inman [1908] 2 KB 1 (burden of proving contract)

This article is provided for educational purposes. It is not legal advice. Those considering action should educate themselves further and engage only when the process and administrative processes are fully understood. The law is clear but as you are always dealing with conditioned statutory agents, your success may require judicial determination, which is not to be feared but you must be prepared.

Start with the course.

- Control, Taxation & Penalty
- The Person
- Now Is The Time

695 views

2 comments