A Proposal for Implementing Annual Land Value Tax over two Parliaments

1) The Valuation Office Agency (VOA) will be asked to determine the capital value (i.e. market selling price) of every site in the UK based on its optimum permitted use. With the exception of agricultural sites where valuation will be based purely on agricultural use unless planning permission has been granted for development or an option to buy exists. (All options to buy on rural or urban land will need to be recorded with Her Majesty's Land Registry (HMLR). The Office of National Statistics valued all UK land at £5 trillion in 2017. The VOA to revalue every site annually.

2) HMLR to identify the owner of every site in the UK. [They already record ownership of over 85% of England and Wales but to achieve total coverage, advertisements and press releases would be placed in the UK media giving all landowners 6 months to register their land holdings—both freehold and leasehold—with details of how the land was acquired and the price/rent (if any) paid. After six months, all those sites where nobody is claiming ownership can be leased out by the government on 25-year leases with annual rent reviews.

3) Government probably already has the powers to conduct 1) and 2) above but, if not, these actions can be authorised by enabling legislation so that VOA and HMLR can complete their tasks while the Land Value Tax (LVT) Finance Bill is going through Parliament so the data are ready for implementation when the Finance Bill receives Royal Assent.

4a) In the first budget, the LVT rate will be set at 1% of the capital value of land and VAT will be reduced to 10%. (Not possible if we remain members of the EU!). [1% LVT should raise at least £50bn which is slightly less than the £60bn VAT receipts we will lose. The difference can be covered by rental income from the new leases (see 2) above) and expected increases in land value since the ONS calculated £5 trillion in 2017. Any surplus can be used to fund additional energy policies to address climate change and any shortfall can be adjusted in Year 2 with a smaller reduction in National Insurance Contributions (NICs).

4b) Abolish all import duties. (No loss to the UK as all these duties are currently paid over to the EU). Any unhealthy or polluting import should be banned not taxed.

5) In the second budget, increase the LVT rate to 1.5% and further reduce VAT.

Also use this budget period to assess the impact of 4) on retail prices, land prices, inflation, GDP, an agreed citizens' happiness measure, business costs, Government costs and the difference in Her Majesty's Revenue and Customs receipts.

6) In the third budget, increase the LVT rate to 2%, abolish VAT and reduce both Employers' and Employees' NICs.

7) In the fourth budget, increase LVT to 2.5% with the objective over two Parliaments (i.e. 10 years) of increasing LVT to 4%, completely abolishing NICs, Stamp Duty Land Tax, Council Tax and Business Rates, and reducing Income Tax so that lower earners pay no Income Tax and middle income earners will see their Income Tax contributions greatly reduced.

8) This policy will not only help to correct many injustices in our tax system and rebalance the North/South divide but will also encourage entrepreneurs and businesses to invest in green policies to address pollution and climate change.