

How can the Labour Party get turkeys to vote for Xmas?

Abstract: Dave Wetzel proposes the next Labour Manifesto includes a promise to introduce LVT on all land except sites where Council Tax (CT) is currently being paid on the principal family home.

In 2010, The Centre for Cities website estimated that the UK urban area is 10% and that housing only occupies 1.3% of the total UK land area.

If correct: this means that 98.7% of land (by area) would be included in a non-CT LVT.

The benefits of such an approach:

1. Voters would not be deterred from voting Labour because of (misconceived) self-interest.

- a) Freehold ownership of a house.
- b) Hoping to inherit a freehold house.
- c) Aspiring to own a freehold house.

2. The Fleet Street press could not run the headline: "Labour to nationalise/tax your back garden"

3. It would disprove the arguments that even appear in some economic text books that LVT is impractical because

- a) Land can't be valued;
- b) Landowners can't be identified.
- c) LVT is too complicated.
- d) LVT is too costly.
- e) Landowners will find some way to avoid it.

4. Unlike the four previous Labour Land taxes on development land (DLT), Non-CT LVT would work in harmony with the Law of Rent - not against.

5. It would encourage development.

6. It would encourage landowners to bring empty sites and buildings (including empty homes) into use.

7. It would deter land speculation.

8. Set at a high enough rate it will reduce land prices.

9. The income from LVT would give Labour the opportunity to reduce income tax for those on or below the average wage, abolish National Insurance Contributions, abolish TV licences and/or reduce vat and thus prove to voters that LVT receipts can be returned in lower taxes.

10. It would create a bi-partisan approach to land reform as any future Tory Government would be locked into LVT receipts as they would not want to raise taxes to abolish it. (Similar to the way Conservatives supported the London Congestion Charge AFTER it had been implemented).

11. It would help "rebalance" the UK economy from the prosperous South-East to deprived areas.

12. It would help create more jobs.

13. It would help protect the countryside from urban sprawl.

The Cons:

1. Occupied principal homes represent a small part of land area but a large part of land value. So potential receipts of a full LVT on all land would be greatly reduced.
2. Voters might still "fear" that LVT would be extended to principal homes at a future date.
3. The unpopular Council Tax would continue.
4. Identifying principal homes could be problematic and create opportunities for evasion on second homes.
5. Freeholders of homes would continue to benefit from rising location values if the demand for housing is not met by empty homes and idle brownfield sites being used for housing and LVT creating growth in areas of high unemployment does not shift sufficient demand for housing to those areas.
6. Freehold housing would continue to enjoy a privileged tax status which it does not deserve.