



Left/Right? No, Right/Wrong

The pickle Angela Rayner is in over not paying enough Stamp Duty on her new home highlights how wrong our property taxes are. Not only are they avoided and evaded by many, they are even unclear to expert lawyers.

We need a property tax that is fair, transparent and can't be avoided. A tax that makes homes and business premises genuinely affordable to rent or buy, that incentivises owners of land and buildings to use them efficiently, and that repairs the broken market in our nation's most precious asset. Instead of a system that privileges unearned income over the fruits of work, trade and enterprise.

The value of land depends on public and private investment that meets society's demand to use it for businesses, homes, infrastructure and natural resources. When a new public transport link is created, house prices all the way along the route rise; when a new school is built, rents in the neighbourhood go up. As demand for land increases so too does its value: landowners extract this unearned wealth out of the real economy by selling their asset once the price is right or by raising the rent, enriching themselves at the expense of everyone else.

Far from inhibiting growth like any of our current taxes on work, trade and enterprise, a tax based on land value stimulates growth by optimising use of one of the three key factors of production and generating revenue for public sector investment without distortionary effects on the real economy where goods are produced and services provided.

If any of our current taxes on property or productive economic activities were replaced with a land value tax (LVT), we would see a real shift to an efficient, thriving and fair economy.

- Land value is 60% of the UK's net wealth (ONS)
- LVT cannot be avoided or evaded.
- Because land value largely arises from public investment, those who benefit the most from such investment contribute the most towards it; from this perspective, LVT could be seen as a return for benefit received rather than a tax.
- LVT encourages landowners to use their asset efficiently and stops land speculation that pushes up the price (not value) of land which is what underlies our housing crisis.
- Raising revenue from unearned income rather than the real economy will help solve the UK's serious productivity problem.

LVT isn't a left-right issue, it's a right-wrong one. ENDS

***The Labour Land Campaign is a voluntary organisation working for land reform.
It advocates a fairer distribution of land wealth through a Land Value Tax.***

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