



Not so hospitable

Up and down the land, pubs and restaurants are banning Labour MPs from their premises because of the government's Business Rate hike. It started with a report in the Bournemouth Echo about a local campaign.

But it is not just the hospitality sector which is affected, nor did complaints about rates begin here. Every time their premises are reassessed, businesses that have improved their performance get higher tax bills. Expect howls next year.

Upgrade the fabric of your factory/office/shop/restaurant, increase energy efficiency or enhance your employees' working environment: your property tax increases. Even plant and machinery can be included in the valuation of a factory building! Business premises are part of working capital - why does the Chancellor want to disincentivise investment?

Valuation of buildings takes into account state of repair, how old they are, their architectural merits, internal space, and so on. Valuers in the US, where land and buildings are assessed separately, say land valuations take less time, cost less and produce fewer appeals.

The sensible way to tax property is to assess only the location value – the land. Because businesses locate where they can achieve the highest return. According to the type of business, this will be the location with optimum footfall, local attractions, transport links, or other facilities.

The UK is unique in putting the burden of its main property taxes on tenants, not owners. Business Rates are assessed on rental values. Most business premises are rented so when the value increases so does the rent.

Labour Land Campaign Secretary Carol Wilcox says, "Business Rates don't make sense - scrap them and replace with Land Value Tax, a tax paid by landowners on land value only. In fact replace all our unfair and inefficient property taxes (Business Rates, Council Tax, Stamp Duty, Section 106 Agreements and the Community Infrastructure Levy) with Land Value Tax." 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.***

For more information see www.labourland.org

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