

The government seems to have an unhappy knack of getting into a mess with property taxation. The latest wheeze is a tweaking of the Council Tax so that people who live in nice area pay more. [Labour planning secret tax on 'nice houses'](#)

According to an article in the Daily Telegraph, tax inspectors have divided England into 10,000 new "localities" with each neighbourhood ranked on the socio-economic class of its residents and environmental factors such as crime and traffic levels. The inspectors have even purchased demographic data disclosing how many company executives, pensioners or students live in particular streets. This has been collated on a secret database which is being used to assess the desirability of neighbourhoods to help determine council tax bills if Labour wins power again at the next election.

One wonders why they have gone to so much trouble. The overall attractiveness of an area and of the individual properties within an area determines its land value, and there is no need to collate demographic data or crime statistics to obtain this information. Most of it can be obtained from the Land Registry, and since the valuations are now almost twenty years old, a land valuation is needed in any case to bring the information up to date.

Instead of further adding to the complexity of property taxes, which have proliferated under Labour to the point of absurdity, they need to be simplified.

Improvements such as extensions, garages and loft conversions should be exempted from the valuations, and the only way to do this is to exempt buildings and improvements from the assessments altogether, levying the tax on site values only. A single ad valorem tax based on annual site rental values at the optimum permitted use could and should replace Council Tax; Business Rates; Stamp Duty Land Tax; Inheritance Tax, which is mostly a tax on land value; the so-called Roof Tax on development; and section 106 planning agreements.

What is it about politicians and civil servant that makes them love unnecessary complexity?