The Republic of Ireland Commission on Taxation Report 2009, which runs to over 500 pages, has this little bit about LVT, buried in the discussion on property taxation in general. In doing so, they have has walked away from the opportunity to give the country a competitive advantage - which it desperately needs in view of its location at the margins of Europe. Like the English Lyons Committee, they say that LVT would bring benefits and then condemn it as too difficult, putting up objections that are mostly nonsensical. The claim that people could not understand land valuations is ridiculous. It is an insult to the intelligence of the Irish public, since the concept of LVT could be set out in a clearly written and illustrated A4 leaflet in a way that most people could grasp in as long as it took to read it. Everyone knows that a house in a popular area is worth more than an identical house in an unpopular one and that the difference is due to location. If further explanation was needed it could be backed up by a one minute animated video.

The report also asserts that the tax would be perceived as unfair, which is strange considering that people are perfectly happy to pay different prices for different seats in a cinema even though they are seeing the same film. Nor does it refer to the feature of LVT which has obvious popular appeal - that people are not penalised for having a garage extension, conservatory or loft conversion, which should stop the kind of objection that applies to existing property taxes - that they are a tax on improvements - a point that the newspapers are quick to mention. The Commission is talking nonsense (our italics) because it simply does not want to do it. The arguments for LVT in the Irish Republic are essentially the same as those set out in a submission the Campaign made in 2007 to a committee dealing with property taxation in Northern Ireland and a subsequent rejoinder to its final report.

The section from the Republic of Ireland new report dealing with LVT is reproduced in full below.

Land or site value tax
Section 6.1 Introduction
A land or site value tax is a recurring tax on the land or site value of a property. No tax is levied on the buildings or improvements that are on the land or site. It is therefore different from other property taxes, and commercial rates, where tax is generally applied to the capital or rental value of the property. The basic principle of site or land valuing is that land is valued according to its optimal potential use as defined by the planning authorities. Therefore, a land value tax on a site on which a building is permitted would reflect that value. The tax liability remains the same whether or not a site is utilised in accordance with its planning permission.

Section 6.2 Overview
We consider that there is a sound economic rationale for considering the introduction of a land or site value tax if the problems - outlined below - associated with the practical aspects of its implementation could be addressed. Many of its economic advantages - it is far less distortionary than stamp duty; encourages the productive use of all land; provides for a stable revenue base; and discourages the flow of capital out of more productive areas of the economy

into residential construction activity - also underpin our decision to recommend an annual property tax based on capital value.

A land value tax in Ireland may have merit when property registration is recorded under a single system which applies nationally (and no 'unregistered title' to land remains) and when all registered property is mapped and a system of valuation can be put in place and is regularly updated.

We consider that, if a land value tax policy proposal were pursued, it would take a number of years to become established and *would involve a long and sustained challenge* for policy-makers to inform the community of its benefits and to implement the proposal. We therefore recommend that a land or site value tax should not be pursued at this stage.

Section 6.3 Analysis
The basic principle of site or land valuing is that land should be valued according to its optimal potential use as defined by the planning authorities. Therefore, a land value tax on a site on which a building was permitted would reflect this value and hence may encourage the development of land that would not otherwise be developed, or may encourage the earlier development of land.

The site or unimproved land would then form the basis of a property tax. The tax liability remains the same whether a site is left derelict or fully utilised. The principal benefit of a land value tax is the penalty it imposes on a failure to put land to its most efficient use. It has been argued that the economic case in favour of a land value tax rests not merely on the penalty it imposes on leaving a site vacant or derelict, but on the fact that all suboptimal land use is penalised. However, it would place an additional cost on developers who acquire lots piecemeal for eventual consolidation into a single large development and who allow the existing structures to deteriorate while waiting to consolidate the entire site. Because the land value tax is based on a valuation where the land or site is valued according to its most remunerative potential use as defined by the planning authorities, it is argued that it can provide a means through which the community or government can tax the benefit that private landholders receive as a result of public or community investments (such as rezoning decisions or the provision of transport infrastructure to an area). NESC, for example,8 suggests that it could recoup some of the value created by particular transport investments, such as LUAS or a Dublin Metro.

Section 6.4 Practical considerations: implementation and design of a land value tax
The application of a land value tax on a national, regional or local basis would require a single register of land owners that clearly identifies the land owner, where the site is located and a valuation system that can apply a valuation to the site. These are major challenges.

In technical terms this involves the development of what is known as a cadastre - a comprehensive mapped register of all properties including details of ownership, precise location, dimension and value of all individual parcels of land. The development of a cadastre to form an accurate basis for a land value tax would, in Ireland, require co-operation between a number of public bodies.

Determining an accurate valuation of the site value of land for land value tax purposes would, in our view, be a difficult exercise due to the requirement to distinguish the site value from the value of buildings and improvements. Decoupling the site value from the overall property value would present difficulties. To establish practices and procedures that are acceptable to all would, undoubtedly, take some considerable time to bed down. One of the most significant challenges presented by a land value tax proposal is the issue of fairness. Taxpayers would consider it very unfair if the same amount of tax was payable in respect of two properties of different sizes, simply because they were located on identical parcels of land. Whilst economically such an outcome might be reasonable we consider that most taxpayers would consider it to be inequitable. Capital values have the advantage of being clearer and more relevant to most householders and business people. In our view, not many people would be familiar with the value of the land on which their property is located. It is also unclear to us whether a tax based on what could be construed as a theoretical value of the site rather than a value of the property on that site would necessarily be seen as progressive or proportionate.

We are also concerned that a land value tax would involve issues of complexity in valuation which could be a significant obstacle to its implementation. At its most basic level, a land value tax could be applied through measurement of the area covered by the ground of a home. Such a basis of valuation would not be sophisticated enough to take account of factors that might influence the value of land locally, such as the provision of schools or transport links or proximity to tourism attractions. The inclusion of such adjustments, which are necessary for a land value tax, would complicate the valuation process and would be very difficult to communicate to home-owners and land-holders.

We acknowledge that a number of possible methods exist that could be used for the valuation of land parcels for the purpose of a land value tax. However, we consider that no basis of valuation can provide the value of direct and demonstrable supporting evidence that can be presented by using capital values.

The value of land-only transactions is not available in Ireland. Therefore, valuation for the purposes of land value taxation would have to:

• Establish house sales data
• Identify the building value and disregard it
• Identify values relating to the size and location of the land

This is a difficult process and in our view would be likely to lead to much uncertainty about both the definition of land value and the way the value has been calculated.

In addition, the valuation of buildings in multiple occupation or ownership would be problematical. The value for the site of the building would have to be assessed and apportioned among each of the occupiers in the building. Variations in value would arise from different uses within a building (e.g. retail use on the ground floor, office use on the first floor and residential use on the top floor). *Whilst there may be robust evidence for capital values relating to such properties, evidence for site values or the apportionment of site values would be most likely either unobtainable or not readily agreed.*

Section 6.5 Conclusion
We can see an economic rationale for land value tax. However, we consider that it may not be a pragmatic approach to the restructuring of our property taxation system in the context of the *ope rational difficulties of introducing it and communicating its benefits to home-owners and landholders.*
We therefore conclude that a land value tax should not be pursued at this stage.