

There has been a bit of mention of land value taxation in the press recently, though not in any coherent way. In an article in the Guardian a couple of days ago, Prem Sikka, Professor of Accounting at the University of Essex, said, amongst other things, that, "*A land value tax should be levied that so that when house and office values increase due to adjacent road, rail and public investment some of the gains are shared with the taxpayer*".

It is not clear precisely what Prem Sikka is proposing, but if it is a one-off hit to collect the increases in the selling price of land following investment in infrastructure, it is not what we have in mind. There are many ways of imposing a land value tax. Most of them are unfair, harmful, complex and difficult to administer. An example of a misguided form of land value tax would be a one-off charge which attempted to capture increases in value resulting from railway construction. It is impossible to define the areas which gain from the such development and it would be necessary to have a list of prices before the construction happened. And when would the tax be payable?

There is only one form of land value tax which would be fair and practicable - an annual tax on the rental value of land, assuming it were in its optimum permitted use. A piece of urban fringe farmland, with a high speculative value, would be assessed only as farmland until after actual planning consent for development had been granted.

Such a tax would have to be in **replacement**, in the first instance, for council tax, business rates, stamp duty and IHT, and later, in replacement for other taxes.

This would achieve an orderly transition to a better system, which would automatically pick up part of the increases in land value due to whatever cause, as well as compensating people who suffered from loss in amenity and a reduced land value.

People who advocate land value taxation without understanding what they are proposing are not only making it more difficult to advocate proper land value taxation, but were it to come to pass, it would quickly fail and destroy the chance of proper LVT for a generation.