We have heard more than a few times that we already have LVT in the form of the UBR. We have even come across this statement in government responses when we have put the LVT case.

True, the Uniform Business Rate is a sort of land value tax, but a very poorly implemented one. Land in residential use is substantially exempt, being subject to the Council Tax instead. Vacant land is exempt. Agricultural land is exempt. All of these things promote mis-use and under-use of land and introduce damaging market distortions. They prevent rents and property prices from dropping to market-clearing levels, thereby promoting both booms and slumps, the latter becoming unduly prolonged when they happen.

Experience with the Enterprise Zones shows, however, that it is not a cost borne by businesses but by landowners. When the tax is relieved, the rents rise to compensate, taking away all of the intended benefit to business. This is why the implementation of LVT could usefully begin with reform of the UBR.