

One way Labour could introduce land value tax

From Carol Wilcox, Christchurch, Dorset, UK

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<https://www.ft.com/content/8f976955-f30d-4cfa-90c0-87ef530920>

Robert McFarland is right to draw attention to a significant fact that “the UK is almost alone among western democracies in not taxing owner-occupiers” (“UK is outlier in not having a levy on owner-occupiers”, Letters, September 2). Before the introduction of the “poll tax” in 1990, hastily replaced by council tax, both business and domestic rates were in fact paid by owners.

Further, his reference to Schedule A income tax, and imputed rent, is important in understanding why the implementation of a land value tax is problematic. Imputed rent is an unfair tax base for homeowners.

Most commercial premises are rented/leased, for good reason: building maintenance is not part of the business. They would pay LVT as part of the rent. Businesses locate where they get the most benefit — and hence income — from location. LVT is inherently affordable for them.

A home may be more cheaply and conveniently maintained by those that live there. The majority of homes are not rented. Therefore, the only way to introduce land value tax is to charge a high rate for income-generating land — and potentially income-generating land like second homes — and a lower/ affordable rate for principal homes.

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