

LANDSCAPE

Newletter of Liberal Democrat ALTER:

Action for Land Taxation and Economic Reform

Winter 2012/13 Issue

ALTER pushes LVT in Tax Review

The Party's Tax Policy Working Group (TPWG) is working towards agreeing new tax policies to put to the Federal Conference in autumn 2013. Members of ALTER are pushing to strengthen the Party's stance on LVT

The TPWG has met several times starting in June 2012 to establish its methods of working, timetable and general principles, including local vs. national taxation. It has four members of ALTER among its 22 members: Tony Vickers, Neale Upstone, Gareth Epps and John Simpkins. Other TPWG members who support LVT are Louise Bloom, Lord Matthew Oakshott and Tahir Maher.

Currently the TPWG is working through discrete areas of tax: it has covered personal, corporate taxes, and property taxes. Other

wealth taxes and environmental taxation are due to be discussed and also tax evasion & avoidance (how to stop it). Then the Secretary, Chair and nominated experts among the group will write a draft policy paper, which is due to be the subject of another consultation at Brighton Spring Conference in March and expects to be published early 2013.

The final policy paper will probably go to Federal Policy Committee in May, after FPC seek advice from experts outside the Party, which the TPWG will coordinate and discuss in March / April.

Note that this means any proposals for LVT are certain to attract wider coverage from as early as February. At this stage, there seems to be a consensus among TPWG that the Party needs to be fairly bold – but not too explicit - on LVT, keeping specific commitments mainly to the 'longer term'



Alter Chairman William Davison is joined by Simon Hughes (centre) and Lord Oakshott (Right) at the ALTER fringe in Brighton

Report from Autumn conference

ALTER promotes awareness of Land Value Tax within the Liberal Democrat Party, and at the 2012 autumn Brighton conference ran a stand and held a fringe meeting.

We were fortunate enough to attract prominent LVT proponents Lord Matthew Oakshott and Simon Hughes. Simon Hughes illustrated the problems of not collecting Land Taxes by examples of property owners in his own South London constituency who had benefited from the construction of the Jubilee

line but had made no special contribution to it.

The fringe was chaired by William Davison, ALTER chairman, and the speeches provoked lively questioning from those who attended.

Caroline Lucas to star at 2013 Spring Conference

Caroline Lucas, the Green Party MP, who is currently promoting a private Members' Bill in support of LVT, will speak at our 2013 Spring Conference fringe.

High Time for Lo Tax

A new paper from Tony
Vickers

In an exciting re-branding initiative, ALTER' has proposed a package of Land Value Tax measures called "Lo Tax". This name captures two features of LVT: the importance of **LO**cation, and the aim to **LO**wer existing taxes on work and production.

•**Lo-Tax** is all about "examining the taxation of wealth" – or at least the most widespread form of wealth: the so-called "unearned increment" of land value that accrues to those who possess title to it. ALTER does not support the taxation of "wealth" per se, but only of wealth derived from "economic rent": that which is not earned, but is derived from nature or from the community as a whole.

Lo-Tax is focused on reducing taxes on work. It does not stop at a £10,000 tax-free personal allowance. Affording the tax burden is something that ought to concern everyone and it is not just about income tax. The "less well off" who, for any reason, are unable to be active members of the workforce, should benefit from lower taxes on the whole productive economy, because that will allow government to afford better welfare.

Whilst the EU uses VAT as its main source of revenue, we cannot

give up consumption taxes – but we should not make reform in this area a major part of Lib Dem policy, except to remove inconsistencies and injustices (such as taxation of essentials).

Lo-Tax would shift the burden of taxation off businesses, other than those businesses which are really vehicles for collecting unearned rent.

Lo-Tax has a strong element of environmental taxation. LVT is classed as a "Green Tax", in that it acts to optimise the use of a scarce natural resource. Land which is of high conservation value and has no prospect of being developed will have no value and not be subject to tax.

Lo-Tax incorporates a strengthening of devolved taxation and simplifies the administration of local taxes, by using the "precepting" principle; there would be one tax system, and every tier of government would set tax rates.

LVT is the hardest form of tax to evade, because the thing being taxed cannot be moved.

There is a strong correlation between high earners and wealth. But ALTER opposes any tax that derives from "the politics of envy".

Lo-Tax incorporates a considerable simplification, although during transition there are complex systems to be developed and "the law of unintended consequences" applies. The implementation of Lo-Tax requires extremely careful planning and

should be undertaken gradually but as a coherent programme.

There is much scope for applying LVT in the international sphere. It has been accepted by UN HABITAT as a policy that is "pro-poor".

LVT Mori poll: Knowledge Leads To Support

When people know something about it, they support it - Land Value Taxation. That's the main finding of a poll conducted last month by Ipsos MORI for the Coalition for Economic Justice (CEJ), the umbrella group of organisations that want to see existing taxes replaced with a levy on annual land rental value.

Nearly 1000 people were asked a series of ten questions about how land values arise, what they know and think about council tax, and whether they would prefer to have just the land value of urban sites - not the value of the whole property - used as the basis of property tax.

They were not asked about other taxes. Nor were they told that a land value tax (LVT) would NOT be additional to existing taxes but would reduce or replace them.

"It is hardly surprising that most people don't like this new tax. Was there ever a new tax that was popular?!" said Dr Tony Vickers, the researcher who led the CEJ team that planned the survey. "What was encouraging was the difference between the attitude of people who had never heard of LVT until our survey questions were put to them - for every one saying it was 'fair', two said it was 'unfair' - and those who claim to already know a bit about it. Among these, the majority (3:2) said it is 'fair'."

"These findings will help us plan our courses in land economics," said David Triggs, Executive Director of the Henry George Foundation, which runs courses at the School of Economic Science in London. "It will also encourage us to expand them."

The poll was largely financed by a grant from the Joseph Rowntree Reform Trust

Join ALTER and fight for tax justice

Visit our website at: www.libdemsalter.org.uk,

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