

## Regressive!

ONE of the unfortunate side effects of the present rating system, with its criterion of beneficial occupation, is that as empty properties pay no rates they tend to remain empty for long periods.

According to the *London Daily Telegraph*, one London borough estimates its present rate loss on empty properties at £80,000. Officials of another borough have noticed an increase in the amount of property remaining empty — a rate of increase that has accelerated recently.

Apart from the encouragement given by the rating system, the principle reasons for the increase of empty properties are two: the difficulty of obtaining mortgages, and the new rent restriction Act, which is discouraging owners from reletting. These houses often cannot be sold either because they are the very type for which mortgages are unobtainable.

The answer to the housing shortage and to the rates loss is the same — rate on land instead of on houses. Only by a positive inducement to re-let or sell will empty properties again be occupied, and only by lowering the cost of housing by lowering the price of land will more homes be built.

## Progressive!

SOUTH MELBOURNE CITY ceased to impose municipal taxes on buildings and other improvements in November 1964. Building permit figures now released by the Commonwealth Statistician show that there has been a spectacular step-up in the level of building construction in that city in the first six months of tax-free building compared with any of the preceding four half-year totals when buildings were taxed.

House-holders have been encouraged to improve their properties on a scale double that shown by any of the four preceding half-years. The business building activity fluctuates more widely from one year to another, but the level is markedly up for each and the overall building activity at £3,030,000 for the half-year since the change compares with the average of £1,286,000 over the four preceding half-years.

South Melbourne is now showing the stimulated development found with municipalities generally when they stop rating buildings and rate sites only. The extent of stimulus varies but the general direction is the same.

South Melbourne was once the most favoured suburb of the metropolis until blight and decay with age caused depopulation and exodus to newer suburbs. It has the potential to recover its former glories. The change to site-value rating has provided the incentive. South Melbourne is now on the way up.

— *Progress*, Melbourne, November, 1965:

### THIRTY-SIX, TWENTY-FOUR, THIRTY-SIX?

WOMEN'S dresses are subject to ten per cent purchase tax, but children's frocks are tax free.

In the past the two have been officially distinguished by length, but with hem lines continually rising, Customs and

Excise officials are afraid that women's dresses are going to slip through as children's, and purchase tax be thus avoided.

To stop this happening, a maximum chest size has been introduced for the children's category. Anything over that pays tax.

They want their heads measuring!

## Part of What You Earn Is Yours

SOME IDEA of the complexity of our modern tax system can be gauged from the fact that, as far as income taxes go, it takes 37,000 people to assess them correctly and only 6,500 to actually collect what is due!

The collection of direct taxes in Great Britain is the responsibility of the Board Of Inland Revenue, an organisation that in the course of each year collects over £4,000 million — some 15 per cent of gross national product. (In addition to direct taxes, there are, of course, all the indirect taxes, administered by the Customs and Excise.)

The Inland Revenue deals not only with income and surtax, but with profits and capital gains taxes, estate duty, stamp duties, rating valuations, tithe redemption annuities, and, on behalf of the Ministry of Pensions, national insurance graduated contributions.

A wealth of information about the Inland Revenue and its work, from a history of the development of taxes to details of the staffing of the Department, is contained in *The Inland Revenue*,\* the latest in a series of books prepared under the auspices of the Royal Institute of Public Administration, designed to provide an authoritative description of the work of the major central Government Departments.

Stamp Duty is the oldest of the taxes, dating from 1694. Income Tax was first introduced in 1799, repealed, re-introduced, abandoned again, and brought back in 1842 as a temporary measure. Even by 1914 the rate was only 1s. 2d. in the pound but the first world war finally put paid to any plans to do away with it.

The changing nature of taxation is illustrated by the fact that the rate has now soared to 8s. 3d., while stamp duty, which in 1900 formed 15 per cent of the Board's revenue, now accounts for only 2 per cent.

Estate Duty, which has existed in one form or another since 1780, but in its present form since 1894, is levied on some fifty thousand estates each year and yields a revenue of £300 million.

Perhaps of the greatest practical interest to most people would be the chapter on machinery for appeals.

The author stresses that the Board is merely an agent for collecting taxes while Parliament decides what taxes to levy. Unfortunately there is no department for studying suggestions on new sources of taxation. **R.C.G.**

\* *The Inland Revenue* by Sir Alexander Johnston. New Whitehall Series No. 13. George Allen and Unwin Ltd., 20s.