

BRITAIN'S impending Community Charge, generally known as the Poll Tax, is a gift to the two main opposition parties. But unless they have a sound alternative to offer, their debating position is weak. Sound alternatives to the Poll Tax are, unfortunately, what neither party has managed to come up with so far.

The Labour Party has managed to shoot itself in both feet by advocating a combination of both a local income tax (LIT) and a domestic property tax based on capital values.

Under the Democrats' scheme, put forward by the Association of Liberal Councilors, employers would deduct the local income tax at a standard rate of, say 5%; at the end of the tax year, residents of areas where the tax rate was less than the standard rate would receive refunds. Those in areas with higher LIT rates would pay the difference; 70-80% of people would get refunds.

This proposal is probably the most thoroughly worked out arrangement for collecting LIT so far devised, but that is not saying much. At least five difficulties come to mind immediately:

- Tax rates would be high in

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areas where incomes were low or unemployment was high - creating a disincentive to work other than in the Black Economy.

- The year-end system of adjustment payments and refunds would create serious administrative problems for local authorities.
- It would be unfair, and a source of hardship, if local authorities were holding £150 or so of each tax-

payer's money, awaiting refunds.

- When people moved in the course of a tax year, there would be a problem establishing precisely when they had done so, especially as this would substantially affect the size of their payment or refund.
- Local authorities would receive no income from empty houses and residents of second homes.

IN A SMALL country like Britain, a local income tax would pose particular problems because people frequently move

DEMOCRATS PROBE LVT PROSPECTS

THE new Social and Liberal Democratic Party approved a "green" paper at its first annual convention in Blackpool which backed land value taxation in these terms:

"A tax on the value of land is not only easy and cheap to collect but can encourage positive planning. For example, vacant land designated for development could be taxed as though it were developed, so providing an incentive for development."

"By relating the tax to the planning system, such a tax could also be used flexibly to encourage those land uses desired by any particular local authority."

The paper, *A Green and Pleasant Land?** was produced by the Land Use Planning

Working Group. An amendment calling for the adoption of the paper was supported, which proposed further research into the practical implications of land value taxation.

The document argued in favour of "the return to the community of a reasonable share of the increase in the value of land when planning permission is granted for development."

And the Working Group wanted "recognition of the fact that land is a natural asset and that the community can therefore expect some financial return from people who either waste or profit from this asset."

Adoption of the paper does not commit the party in policy terms, yet. The proposals now go forward for further consideration, and will be embodied in a "White" paper for further debate within the party.

* *Federal Green Paper No 6, 4 Cowley Street, London, SW1P 3NB. £2.50*