

Exemptions! Exceptions! Deductions! By SYD GILCHRIST (NSW, Australia)

Whenever the subject of site value taxation is advocated, folks often agree with it in principle, but then... Then they suggest that there should be exceptions or exemptions for some particular category of potential site tax payer.

Too frequently one finds suggestions calling for favors to certain sections. Firstly, there is the suggestion that owner-occupied residential sites be exempt. Why? Is it not a privilege for one land holder to have the perpetual ownership of a valuable site at the expense or the exclusion of the rest of the community? Is it not a great privilege for some to hold large convenient pleasant sites near community services, whereas other folks may be crowded onto unpleasant inconvenient sites, or else have no site at all? Site value tax corrects this injustice.

Then there is the suggestion that "farmers" be exempt. (Land holders? Farm workers?) Why should the great privilege of holding the sites which produce basic food and clothing be exempt? The incentive to use all sites reasonably efficiently is required as much on farming land as for industrial or commercial or residential or any other use.

And another suggestion is that site taxes should be a deduction from personal income tax. Why should one tax be a deduction from another? Why not let payers of site taxes subtract it from sales tax; or why not subtract income tax from sales tax or vice versa? In particular, why deduct site tax from taxable income? Surely site tax is a fair and just payment towards benefits supplied by the community. But so are fares on government railways; and so are payments for goods and services supplied by private enterprise.

It is absurd to tax some one correctly and then to say that that can be subtracted from another tax commitment which others may have to pay without any deduction. In the case of site taxation any exemption or "let-off" means a continuation of privilege and thus a continuation of disadvantage to others.

If it is decided that some form of tax is to be reduced, it should be reduced for all the payers of that tax. It is silly to increase land value tax and then hand part of it back to land holders.

What that does is to cause both site value tax rates and income tax rates to be set high. But that hurts the landless worker and producer, and favors the largest land rent receiver. Exemptions and exceptions make for complications. Complications lead to evasions and hidden privileges.

Preferably site tax should be used to replace sales taxes and payroll taxes, and income tax should be removed later.

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