# How the Danes Do It

PERIODIC valuations in Denmark show for each lot or real estate holding, its total value and the value of the land alone, as distinct from improvements. The difference between total value and land value is attributed to improvements. This is the base established for taxation of land values and improvement values, as explained by Mr. K. J. Kristensen of Copenhagen, former Chief of the Valuation Department of the Directorate of Assessments, when he spoke at the international conference recently in New York.

Like most countries, Denmark derived a large part of its public revenue from taxing landholders in ancient times, and until 1903, when taxation of incomes was introduced, the direct tax was mainly on land. The income tax evoked widespread protests from small holders who had already warned that the only way to modernize the land taxes was to base them on the value of the land alone.

For some 20 years trial land valuations of various kinds were made, and in 1933 a law was passed reducing the rate on buildings and placing the greater part of the tax on land. But over the next 25 years growing resentment against the tax on improvements led to the exemption of all new buildings and all future increases in their value. New acts in 1958 and 1960 provided for a still greater proportion of increments to be taken. The latest, effective in 1965, will provide that the land value be temporarily fixed at the figures established prior to 1963.

For assessment and valuation purposes the country is divided into local districts, comprising either all or part of a town or parish. In each district two citizens are elected for four years to act as valuers. They are guided by a chairman nominated by the government who controls ten to fifteen local valuation districts. These chairmen constituting the County Valuation Board, prepare the valuation maps. Since this organization is composed of many local valuation committees, each representing its small district, the closest possible contact is insured between citizens and authorities, and valuation of the entire country is completed in one year. The work is done by about 4,000 men who have their private business and undertake the valuation duties virtually in an honorary capacity.

As a preliminary to valuation, owners supply their figures with particulars of all land transactions in the district during the past year, also information as to the area, description, size of buildings, mortgages, amount of annual rent and purchase money paid within the past ten years. In the interval between the general valuations a special valuation is made when land is subdivided, when buildings are erected, or when significant structural alterations occur.

Before assessment the general level of values in each district is determined. In rural districts the board studies a few properties in each parish to insure a consistent valuation in harmony with those through the county. The local committee then assesses each property according to this standard.

In the towns valuations are established on the basis of a plot of normal depth in each street or part of a street. Questions may arise as to how valuations agree with the market price, which should be the standard; and there is some difficulty in making this comparison, because the most valuable sites are usually built on and are sold with the buildings. Since selling value is affected by existing taxation, assessments based on sales do not represent a capitalization of the full economic rent of land.

Account is taken of all public burdens and covenants apart from improvements, but not of private burdens or covenants unless they arise in connection with an adjoining property where the corresponding benefit is taken into consideration in fixing the assessment. Assessments include, with the land value, improvements which merge with the land such as draining, levelling, irrigation, etc., as well as expenditures for streets and sewers. The owner has a right in every case to claim as a deduction the cost of improvements made within 30 years prior to the date of the valuation.

The law provides special rules regarding agricultural land, forests, other lands, and tenements, but the term agricultural land applies only to land best used for agriculture. Where land has a higher than agricultural selling value it is not to be valued as farm land even though it is presently being used for farming.

Woodland is so designated by law only when it is most profitably suited to timber growing and it is assessed at a value representing a good condition of forestry, but deductions for improvement should be allowed for interest and other expenditures necessary to bring it to its profit-earning capacity.

On other property the land value is to be appraised at current selling prices when sold for the purpose for which it is best adapted, taking into consideration the size and shape of the site and its possibility of being subdivided or joined to other properties.

When the valuation is completed the district valuation rolls, together with the land value maps, are made available for inspection. These large-scale maps are essential instruments, for they show the assessed street values for the towns, and for the country the land value per hectare of each separately assessed plot. They are then published in book form for sale to the public. This volume contains a complete statistical record of the taxable land values, taxable improvement values, revenues from property taxes, the percentage rate of LVT, tax-free deductions on improvements and proportion of total revenue derived from real estate taxation for every town, parish and county. Every subdivision and other aggregation of land must be approved and entered as well as every transfer of property, mortgage right or other pivate claim on fixed property, in order to enjoy the protection of the law. A second section gives valuable statistics on personal taxes.

Within a certain time the valuation board makes such corrections as are found necessary to establish uniformity within the county. Appeals come before the board and can, on request, be carried to a taxation court. Where a valuation occasions many complaints something is presumed to be wrong with the work. On the other hand, one cannot conclude that it is satisfactory when only a few complaints arise, because this may indicate that valuations are too low.

## T'S, NOT B'S, IN HER BONNET

**The Missouri Public Expenditure Survey, made by a taxpayers' organization in Jefferson City, revealed 150 taxes hidden in a woman's hat, 116 in a man's suit and 100 in an Easter egg. The files of the St. Louis Globe - Democrat abound in such wry bits of information wearily shrugged off by most readers because they would rather not know.**