

Land Valuation in Denmark

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HISTORY

The first step towards Land Value Taxation in Denmark was taken in the trial valuations that were made in 1911 and 1912. A few local areas were selected as typical and there a valuation was made showing the land value of each piece of land apart from improvements. The work was done along carefully planned lines. The next step was the enactment in 1915 of a valuation covering the whole country whereby the land value of every piece of land was ascertained; but this valuation was made again as an experiment and was not put to any practical use as a basis for taxation. It was a preliminary experiment; nevertheless it was put to use for other purposes, including, for example, the war measure in 1917 when farms were assessed for the compulsory corn delivery. The valuation underwent a general revision and in 1920 a fresh valuation was enacted which was intended to be used eventually as a basis for taxation.

After this new valuation was completed, and results had been compiled, an Act was passed in 1922 which gave effect to a small national land value tax the rate of which was no more than $1\frac{1}{2}$ per thousand of the capital value, equivalent in English phrase to one-third of a penny in the pound. This Act of 1922 made periodic valuation of land necessary, and firmly established that institution in Danish law and practice. There followed the land valuation of 1924 and the experience of the small national tax on land values (for State purposes) led to the Act of 1926 by which a considerable part of local taxation was levied on land values. In rural districts the rate of this local taxation on land values varies from 6 to 35 per thousand on the average. In Copenhagen the rate is $7\frac{1}{2}$ per thousand.

The most recent valuation of land was that made in 1927 and a fresh valuation is to be made every fifth year. As there is still a considerable tax levied upon buildings and improvements the value of land with its improvements is still assessed as well as the value of land apart from improvements.

PRINCIPLES OF VALUATION

The system and procedure adopted in ascertaining the land value were carefully worked out in connection with the first trial valuations made in 1911 and 1912, and have not since been altered to any considerable extent. The assessment is the capital value of the land, which is suited to the circumstances since land in Denmark is generally owned by the occupiers. Less than 10 per cent of the agricultural land is tenanted, the owners being either the Church or private landowners. Since tenancy is exceptional, it was not thought