

Report Part Title: A View of LVT in Denmark

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advice on certain issues (he does not say which ones) addressed the previous anomalies, devised a new definition of site value and completed the review of site values for nearly 13,000 hereditaments in well under five months and “*only 210 working man days*”—which he himself found “*quite incredible*”! He was the only qualified surveyor of his team of six people, most of whose work could today be automated.

It is significant, in the light of the often expressed view nowadays that LVT is incompatible with the British planning system, that Wilks thought his second survey was more accurate largely because “*I was able far more closely to follow the actual planning requirements and the actual permissions.*” In other words, as the planning system becomes more comprehensive it becomes easier to establish site value. Wilks’ 1973 definition of site value for taxation purposes in the UK included the clause:

“*(iii) All planning considerations relevant to the development value to be reflected in the annual site value have been taken into account.*”

He also asserted that “hope without planning permission was of no value within the definition.”

Wilks looked at SVR in the light of Adam Smith’s four canons of taxation (ability to pay; certainty and clarity; convenience as regards payment; and cost of collection relatively small), added three of his own (moral justification; public acceptability; and—for a replacement tax—comparability with what is being replaced). He then had no trouble finding that SVR succeeded on all counts. The last paragraph in his Reflections is:

“*The only problem that I can see in this country in bringing in such a method of taxation is the interim period or changeover. It is so bound into the system in this country that the occupier pays the rates. All leases of and transactions in land are based on this premise. Is it worth upsetting all this, is it worth having to review by statute every transaction in land, every lease of land for this other system of taxation? Now that I have done the two reports my answer is an uncompromising “Yes.” It is all worthwhile.*”

A View of LVT in Denmark

Denmark has had LVT for nearly eighty years. Its success was cited in the Whitstable reports (see above). For most of this time the tax has been levied for local government revenue only. There is no local autonomy over methods of revenue raising and fairly tight control over the range at which councils can levy the tax: counties currently levy a standard 2% on land values and municipalities a further few mils only. The tax authorities are quite happy with the systems in use for assessing land and property values and raising the revenue, indeed they are somewhat proud of its efficiency and public acceptability. It costs under £2 per property per year to administer.

As in the UK, tax policy and administration are national government matters. Similarities do not end there. There is strong concern for the environment and the use of policies to support sustainable urban development. There is an interest in curbing taxes on enterprise

and a good official understanding of the link between fiscal and planning policies. But as in Britain, there is little or no active political will to undertake tax reform. Economists rather than Danish politicians are urging greater use of LVT, in order to correspondingly reduce taxes on income and profits.

The Danish Justice Party, which carries the flag for Henry George's ideas but has been singularly unsuccessful in elections since it briefly formed part of a coalition government in the 1960s, celebrates its centenary in 2002. The author and Greg McGill met some of its leaders in February 2001. They came away with their view reinforced that having a single small 'Georgist' party in a country allows opponents of LVT to brand it as a fringe idea. The Danish Social Democrat and Liberal parties recently abandoned their support for LVT at national level. The Justice Party is now little more than an obscure debating society and its existence is arguably hampering fresh attempts to strengthen support of LVT.

During 2001 a new law was passed that enables cadastral (land parcel) map data to be accessed free of charge over the internet by Danish citizens. Land value assessments, already available in text form to all citizens in most local phone directories and at town halls in printed map form, can now in theory also be downloaded as value maps.

The tax administrators do not seem interested in using GIS either to improve the quality of assessments or the level of appeals, probably because there is no significant problem with their highly computerised mass assessment system or with valuation appeals. Revaluation has been done every year since 1998 and results in only a handful of appeals against land value assessments (0.2%), typically one day's work for the local Valuation Tribunals.

Danish property and land taxes are at a much lower level than in Britain, which may help explain why LVT gives so few problems. However the presence of a complete land register based on cadastral mapping could also help.

Of most interest to UK is the fact that Denmark's first mass transit system is being funded solely by LVT. This is in marked contrast to London Underground and Docklands Light Railway, from where it is said Danish transport planners learned how **not** to finance public infrastructure! A large area of derelict dockland near Copenhagen has been designated for regeneration and will be linked to the city centre by a new railway. A Bond has been raised to pay for this, which will be financed from LVT revenues assigned to the company (jointly owned by Copenhagen and the State) responsible for the entire regeneration project. In effect, an area which was already subject to LVT (but had low land values) will see all its land value increment go to pay for the project that created the land values.

Denmark has been influential in providing expertise and assistance to several countries in transition from Communism, helping to establish property taxation systems in the Baltic States and elsewhere. It would be useful for British LVT campaigners and property tax experts to study the Danish system in more detail. This author has maintained contact with several experts there but not yet undertaken further work.