

THE LATEST LESSON FROM DENMARK

(31st March, 1926)

Land Value Taxation in Town and Country alike

On 31st March, 1926, an Act was passed in Denmark requiring all local authorities in towns and country alike to obtain a portion of their revenues by taxation levied on the value of land apart from improvements.

The Social Democrats (Denmark has a Labour Government), the Radical Liberals and the Moderate Liberals united in carrying the measure by overwhelming majorities in both Houses of Parliament.

Previous Governments had taken certain preliminary steps. A valuation was made in 1916, and again in 1920, showing for each property in town and country alike the value of the land apart from improvements. All valuations are open to public inspection.

In August, 1922, an Act was passed imposing a national land value tax, small in amount, but right in principle because it is levied on the value of all land in town and country and because taxes on improvements were reduced at the same time. Most important was the provision that the land valuation be revised periodically—in 1924, 1927 and thereafter every fifth year.

The next step was to introduce the principle of land value taxation for local purposes. The Land Value Rating Act of 31st March, 1926, provides for a separate local tax on land values in each locality (town, county and rural parish) reducing at the same time the local income tax.

Buildings get relief by being taxed at a rate one

quarter less than that levied on land values, and, further, by having at least £150 of their value entirely exempted. Local authorities have power to increase this exemption to £500 in the metropolis, to £400 in other towns and to £250 in counties and parishes.

The result of the new Land Value Rating Act (adding the National Land Value Tax now also in operation) will be to levy taxation on the capital value of the land in the towns at the rate of 2d. in the £, equivalent to 3s. 4d. in the £ of annual value.

In the country districts, land value will be taxed 4d. in the £ (that is, 6s. 8d. on annual value) for the first two years : later, when the option to abolish the existing local income tax is exercised, the rate of taxation on land values may reach more than 6d. in the £ of the capital value—that is, more than 10s. in the £ of annual value.

The policy of land value taxation and the remission of taxes on improvements, trade and industry has powerful public sentiment behind it in both town and country. It holds first place in the political demands of the Danish small peasants whose federations number 100,000 members.

The Danish Land Value Rating Act of 31st March, 1926, adds an instructive chapter to all that is said and written about the methods adopted in Denmark for making the best use of land. It stands for new stimulus to production and increased incentive to enterprise.

FOLLOW DENMARK'S EXAMPLE TAX ALL LAND ON ITS VALUE TAKE TAXES OFF INDUSTRY AND IMPROVEMENTS



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