

## ■ ANNEXE TWO

### *Features of Main Legislative Attempts up to 1939 (World War II)*

Information on the following measures was derived from evidence presented to the Simes Committee (1952).

#### **Land Value Duties Act, 1910**

In the early years of the twentieth century, many local authorities had interested themselves in the rating of site values, and the next legislative step was to enact the land value duties under the Finance Act, 1910, which comprised:

- an increment value duty on land sold or subject to long leases, payable on transfer or death of owner;
- a reversion duty of 10 percent on the termination of a lease of 21 years or over except on and with purely agricultural value;
- an annual levy of one half penny in the £ of capital value on undeveloped land other than house gardens, land with a purely agricultural value, or land worth not more than £50 an acre; and
- a 5 percent levy on mineral rights.

The legislation was extremely complicated. It should be noted, however, that there was no attempt to implement a general levy on the site value of land. Of more direct interest in our enquiries is the definition of site value, on which these duties were to be based. The assessable site value was defined as the sum that the property would realize if offered for sale by a willing seller in the open market. As such, it would be subject to ordinary rates and taxes and in its actual condition as regards buildings and other structures, subject of fixed charges, public rights of way and user, easements and restrictive covenants, less any value in respect of:

- buildings and any other structures, and all growing timber, fruit trees etc.;
- works or capital expenditure by the owner, executed or incurred for the purpose of improving the value of land as building land for any business or industry other than agriculture.

Before the act of 1910 had been passed, the government promised, after protests from local authorities, to allocate to them half the proceeds of these duties.

By the Revenue Act of 1911, however, this concession was suspended up to 31 March 1914, and the basis of distribution was never determined.

After a change in government in 1918, political pressure was brought to bear for an abolition of the 1910 act, and in 1922 it was finally repealed.

### **Finance Act, 1931**

Taxation of land values for national purposes was, for the second time, provided for in the Finance Act, 1931. The Commissioners of Inland Revenue were directed to ascertain by 1 January 1932 the value of each land unit, which was defined as “the amount which the fee simple thereof with vacant possession might have been expected to realize upon a sale in the open market on the valuation date upon the assumptions that there were not upon or in the unit any buildings, erections, or works, except roads etc. or anything growing on the unit except grass etc.”

But following a national economic and financial crisis and the formation of a coalition government, valuation under this 1931 act was suspended by the Finance Act of 1932, and its LVT provisions were finally repealed by the Finance Act of 1934.

### **Provisions of the LCC Bill: London Rating (Site Values) Bill, 1938–1939**

The London County Council (LCC) resolved in 1938 that the current burden of local expenditure should be transferred wholly or partly to a rate on site value. Consequently, the LCC promoted a private bill to achieve these aims. Its main provisions were:

- A valuation was to be made of the annual site value of every land unit, this being defined as the annual rent that the land comprising the land unit might be expected to realise if demised with vacant possession at the valuation date in the open market by a willing lessor upon a perpetually renewable tenure upon the following assumptions, namely, that at the valuation date:
  - a. there were not upon or in that land unit:
    - any buildings, erections or works except certain roads; and
    - anything growing except grass, heather, gorse, sedge or other natural growth;
  - b. the annual rent had been computed without taking into account the value of any tillages or manures or any improvements for which any sum would by law or custom be payable to an outgoing tenant of a holding;
  - c. the land unit were free from any encumbrances except such of the following encumbrances as would be binding on a purchaser:

easements; rights of common; customary rights; public rights; liability to repair highways by reason of tenure; liability to repair the chancel of any Church; liability in respect of the repair or maintenance of embankments or sea or river walls; liability to pay any drainage rate under any statute; restrictions upon user which have become operative imposed by or in pursuance of any Act or by any agreement not being a lease.

- The incidence of the rate was to be upon the respective owners of the site value (generally by means of deduction from rent), any past or future provision in contracts, having the effect of relieving in whole or in part any person entitled to receipt of rent from any liability, to be void in respect of the site value rate. The occupier, in normal cases, would pay the rate in the first instance.
- The amount of the annual rate on site values, as from April 1941, was to be two shillings in the £ (10 percent), and it was to be collected by the rating authority with the general rate, although there would have been a separate demand note for the site rate.

Subsequently, the Speaker of the House of Commons ruled in 1939 that, because of the importance of issues raised, the LCC bill ought to be introduced as a public bill. But this proposal was later refused by the House, and the bill failed to pass.