

CHAPTER IX

COLLECTION OF THE LAND-VALUE RATE

As already indicated, the land-value rate would not be payable by persons who have no interest in the land-value. It may be assumed that those who hold on short tenancies do not benefit by the land value. This would automatically exclude weekly, monthly, quarterly or yearly tenancies. The Finance Act, 1931, went so far as to assume that those who held on leases, granted for periods not exceeding fifty years, had no appreciable interest in the land value. This seems to be going too far. If any such assumption is made the period should not exceed twenty-one years.

Where more than one person is in enjoyment of a share of the site value of any piece of land, it is not necessary, and it is practically expensive and inconvenient, to collect directly from each his share of the rate. A better plan is to follow the precedent set by the Income Tax Act (Schedule A) under which the tax is collected from the lessee who recoups himself by deducting an appropriate amount from the rent which he pays.

Under the London County Council Bill the "assessee", *i.e.* the person who was liable in the first instance to pay the rate, was the lessee or tenant of the land for a term of not less than one year, or, in the case where there were several such leases and tenancies, that tenant whose term would first expire. If the land was not let, or was let only for a term less than a year, the freeholder would be the "assessee".

Upon the assessee, as so defined, the obligation of

paying the land-value rate would fall in the first place. If he paid a rent for the land, he would not be in enjoyment of the whole land value. In that event, he would be empowered to deduct from his next payment of rent an amount equal to the land-value rate if the rent he paid were equal to, or exceeded, the annual land value. If the rent he paid were smaller, he would deduct a proportionate amount and he would be left with a net burden of the rate on the amount of the difference between the annual land value and the rent payable by him.* If his lessor also paid a rent to a superior lessor he would in his turn deduct a sum equal to the rate on the rent payable to the superior lessor. In this way the land-value rate would be distributed among those having an interest in the land value, but the local authority would look only to one determinate person to pay the rate in respect of each site.

In Scotland feu duties and ground annuals, which are simply rents payable for the land, would be dealt with in a similar fashion.

Certain other charges, such as tithe and land tax, are of the nature of rents. The persons who made such payments should be entitled to deduct out of them a sum equal to the rate on such annual payment.

* In some cases the annual land value will exceed the value of the site in its present use (*i.e.* the land is not fully developed by the existing improvements). Where this is so and the land is subject to a lease which has a short term still to run (and where the lessee consequently cannot undertake the making of expensive permanent improvements), it will be necessary for the lessor and the lessee to make a fresh bargain which will permit the development. The passing back of a share of the land-value rate to the lessor will tend to induce him to come to terms. It may be suggested that in such cases a larger proportion of the rate should be imposed on the lessor as he is in a dominant position. On the other hand it may be said that this is rather a problem which arises at present, is not created by the proposed alteration in the law of rating, and should be dealt with by amendment of the law of landlord and tenant.

Without prejudice to any other powers of collection, which the local authority might have, the land-value rate should until paid be a first charge upon the land, taking priority over all other charges, and enforceable by the methods open to chargees.

In the case of a building let out in flats, where, as already indicated, the site will be the unit of valuation, it may be necessary to apportion the rate among the holders of the flats if they hold on leases exceeding twenty-one years. In this case the rate can be apportioned between them in proportion to the annual values of the flats as at present ascertained for purposes of local rating.