

The mansion tax won't work - it's time for proper local...

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It's a rare moment that Matthew Sinclair of the Taxpayers' Alliance and I agree on something - but we did on the fact that the mansion tax won't work this morning when talking on the Today programme on Radio 4.

He and I agreed that the tax would need a complete revaluation of UK property to work - but as I pointed out in that case you might as well reform the whole of UK local government taxation and have a land value tax instead.

And let's be clear, nothing short of this would be acceptable. Local government tax is now a mess. In the south east half of all properties pay at the top rate making it a bit like a poll tax. And it raises less than 20% of local authority funding which emaciates local democracy when people realise that in effect it's simply a paying agent for central government departments.

So I welcome reform - but backing on a mansion tax is not the way to do it. That will create injustice, arbitrary valuations that those with means will spend years appealing at great cost, and will ultimately raise only a fraction of the money that the 50p tax rate, changes to the domicile rule and cracking open tax haven secrecy can provide on wealth, which is its supposed target.

The mansion tax is a poorly conceived political gesture that was never intended for serious consideration and which a brave party would abandon in favour of proper progressive taxation reform both at local and national level.

But as we know the LibDems are not a brave party or we would not be in the mess we're in on the NHS. So they've proposed a tycoon tax instead. I'll deal with that next.