

It's time to tax the castle

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Simon Jenkins makes of his valued interventions this morning in the Guardian (I say that as he also makes some which aren't valued) [when noting](#):

Vince Cable, Liberal Democrat hero, is most odd. He quotes Keynes on boosting demand, yet serves in a government that suppresses it. He wants to lend to business, yet pours money into banks that simply hoard it. Strangest of all, he calls for a "mansion tax" when there is one already. It is called the council tax.

Jenkins is right. I support the idea of a land value tax but recognise the problems of creating one. If we added bands I, J, K, L, M and maybe more to the current council tax banding and charged heavily progressive rates, reducing the tax due on lower bands at the same time we might overcome one of the gross injustices in the UK tax system.

Jenkins should go further though. I [some time ago suggested an empty property tax](#) for the UK. The TUC endorsed the demand. There are hundreds of thousands of empty properties in this country that could be in use, but aren't. By imposing a higher rate of council tax on these properties rather than cancelling the tax due on them they could be forced back into the market. Do the same on sites with planning permission for housing where after two years they haven't been built and then you could force land into use. This is an LVT that's virtually "shovel ready now".

But there's one more thing to do. The Telegraph highlights this morning the [extraordinary £34 million capital gain](#) TV presenter Nick Ross has made on his home. Is that fair? Clearly not. He's gained by chance, not endeavour. No one needs a £34 million home. And he has one because hot money - much ex tax havens or fleeced from the economy by bankers - flooded into London to exclude most under the age of 40 from the housing market, maybe for life.

What can be done about this? Well, council tax reform as noted above. But also a tax on capital gains on houses too. I'd exempt all sales of less than £1 million from the charge - which is incredibly generous even in London (where house prices have to fall - and that is the intent of this tax). On sales above that the gain would be on that part of the

sale price over £1 million less the same proportionate part of the cost of the property indexed by retail prices (not house prices: the measure is aimed to tackle excess house price inflation) over the period of ownership. Normal CGT allowances would also apply. I'd have the tax due at the owner's highest marginal income tax rates - but I have always believed that CGT and income tax rates should be aligned.

Yes the rich will squeal. I won't apologise: young people have to have access to housing and the inter-generational unfairness of current prices demands radical action, now. The most able have to pay.