Who really pays the tax on rents?

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I was fascinated by this comment in The Guardian, published this morning:

Warnings by landlords that taxes on buy-to-let would cripple the property market, driving down supply and pushing up rents, have turned out to be entirely hollow, according to research by campaign group Generation Rent.

It found that since the “bombshell” introduction of taxes on buy-to-let landlords in George Osborne’s 2015 budget, rents have fallen in real terms.

Leave aside all issues regarding rents, inter-generational equality, and so on, and just think tax for a moment. What this comment makes clear is that if there is anything like a competitive environment (and in rents there is) then the incidence of taxes on rents is not on the consumer but on the owners of capital, as of course it should be.

I would suggest that the observation (not set up as an experiment, but by chance offering a large scale observation of actual behaviour as if an experiment was intended) is capable of extrapolation. Whenever suppliers are price takers (as in competitive markets they should be) taxes on suppliers will always be paid by suppliers and the suggestion that they are passed on to others makes no sense at all. This is now seen to be true for rents. I think it will be elsewhere.

So the next time you hear some rightwinger argue that tax is not paid by capital but is passed on to consumers or workers just note that what they are actually saying is that there are non-competitive markets in existence and that this fact should be their real focus of concern. But oddly, it never is. Right wingers are the last people who want competitive markets. They do not permit abuse, after all.