

LVT is no panacea - but can be one of a number of taxes...

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I was asked by a commentator to summarise my approach to land value taxation yesterday. I asked ChatGPT to summarise my own work on this, and it offered the following summary:

Richard Murphy, a professor of accounting practice at Sheffield University Management School and director of Tax Research UK, has expressed scepticism regarding the implementation of Land Value Taxation (LVT). In his August 2024 article titled “Land value taxation is not a panacea,” Murphy outlines several concerns:

- **Valuation Challenges:** Murphy argues that LVT relies on assessing the rental value of land separate from any structures upon it—a process he deems complex and prone to disputes. He emphasises that most property owners are unfamiliar with distinguishing between the value of their land and the value of the buildings on it, leading to potential confusion and appeals.
- **Revenue Generation Doubts:** He questions the feasibility of replacing existing taxes with LVT, suggesting that the revenue generated from taxing land alone might be insufficient to meet governmental financial needs.
- **Economic Impact on Tenants:** Murphy challenges the notion that LVT would solely affect landowners, asserting that landlords would likely pass on the tax burden to tenants through increased rents, thereby impacting those who may already be financially vulnerable.

Instead of implementing LVT, Murphy advocates for alternative approaches to address economic disparities and generate public revenue:

- **Taxing Rental Income:** He proposes increasing taxes on rental income, such as introducing an investment income surcharge, to more effectively capture revenue from property ownership without the complexities associated with LVT.

• **Capital Gains Tax Adjustments:** Murphy suggests raising capital gains tax on the sale of land to ensure that profits from land sales contribute fairly to public finances.

• **Development Land Tax:** He recommends reintroducing a development land tax to capture the increase in land value when planning permissions are granted, thereby ensuring that the community benefits from land development activities.

Murphy concludes that while the concept of LVT may appear theoretically sound, its practical implementation poses significant challenges. He emphasizes the need for pragmatic tax solutions that are understandable to the public and effective in addressing economic issues.

For a more comprehensive understanding of Murphy's perspective, [**you can read his full article here.**](#)

Additionally, Murphy discusses these views in a video titled “Land value taxation is not the panacea that its proponents claim,” which you can watch below:

<https://www.youtube.com/watch?v=BzAlpya15H0&si=x2LRG6duvBgwJb8A>

So, now a question:

[poll id="142"]

I am thinking about where to locate these if people want them.