

### **DT013 - Local taxation**

George Jones (report, 20 February 1991) tells us that the Government may introduce a property tax in place of the community charge. This might be based on the capital value of a person's dwelling. Such a tax would be unsound on several grounds. Annual taxes should be based on annual income, not capital. They will be paid out of income after all. The Government should not encourage the instability that arises from constantly moving house. Yet capital value is meaningless until realised. An army of valuers would be needed to decide the capital value of each dwelling. A system of tribunals would have to be set up to hear appeals. Periodic revaluations would be requisite. All this involves totally unproductive expenditure. It was the undoing of the old rating system. As a former finance bill draftsman, I have sent Mr Heseltine details of a scheme linked to Income Tax. This provides local authority independence, confidentiality, and fairness in terms of ability to pay. I hope he will consider it.