

# **Green Party Site Value Tax Policy**



## **Contents**

1. Introduction
2. Benefits
3. Site Value Tax Framework

3.1 Valuations

3.2 Collection

3.3 Rates

3.4 Disbursement of Revenue

## **1.0 Introduction**

The Green Party/Comhaontas Glas proposes the introduction of a Site Value Tax (SVT), to replace the existing Local Property Tax (LPT) and local commercial rates regimes.

SVT is a recurring annual tax on the value of a site excluding the value of any improvements or properties. Site value is measured on the basis of the market value of the land. The Green Party

proposes a SVT designed to incentivise land and property improvement, unlike the existing Local Property Tax (LPT).

## **2.0 Benefits**

A number of benefits over LPT include:

1. Discourages land speculation
2. Discourages urban sprawl and ensures more efficient use of land
3. Delivers environmentally sustainable and socially equitable development
4. Adequately prices public infrastructure and social amenity investments
5. Is more progressive as it has a greater effects on those who are asset rich
6. Does not exacerbate asset-price bubbles

Our proposed goal is to discourage developers keeping sites derelict and idle (particularly in higher land value areas), as it will become less economical to do so. In tandem with our proposed vacant sites levy, this would facilitate the development of inner-city communities and prevent urban sprawl and its associated problems.

As the supply of land is fixed, a tax on land does not distort the actual supply of land, unlike saleable property valuations that are also dependant on factors such as investing in home improvements. Receipts from SVT will be more predictable than similar taxes, such as the LPT or stamp duty and be a more stable source of revenue. This will enable longer term planning by the national government and local authorities.

The replacement of the local commercial rates will directly shift the tax burden away from economically productive activities of tenants to lesser economically productive activities of land hoarding.

Land Taxes are held to be more economically efficient than most other forms of property taxation, as they do not create an allocative inefficiency (or deadweight loss) due to the fixed supply of land within a market.

## **3.0 Site Value Tax Framework**

### **3.1 Valuations**

The responsibility for ensuring effective and reliable valuations throughout the state will be given to Oifig Luachála (state Valuation Office). The Green Party will ensure adequate increases in funding to facilitate the increase in their activities is provided.

Oifig Luachála will carry out valuations which will be subject to an appeal process. As the site and not the overall property are to be valued, 'desktop' or 'drive-by' valuations will be sufficient.

Annual valuations by Oifig Luachála will be based on best practice for large-scale valuations, with ideal primary benchmarks selected, recent sales analysed and all other appropriate value factors considered.

### **3.2 Collection**

Each individual folio recorded at the Land Registry or Registry of Deeds will be treated as a single billable unit. The registered owner will be liable for the tax.

A Notice of Value will be issued annually at least 90 days before the tax is due, to allow for appeals. Property owners may appeal their property valuations to Oifig Duachála (or a separate Property Valuation Appeals Tribunal). A non-nominal fee will be charged for this, and all costs will be borne by the appellant.

The Site Value Tax will be collected by the Revenue Commissioners, informed by Oifig Duachála. The Revenue Commissioners will have their standard statutory and legal powers in the collection of this tax.

### **3.3 Rates**

Our vision for the implementation of SVT rates shall ultimately not gather less revenue, at both the national and local level, than the existing system of Local Property Tax, local council business rates and any other replaced tax regimes.

We seek that the implementation of SVT is not tax deductible for land owners.

The Green Party believes that the following zoning categories should be exempt from a Site Value Tax:

- Agriculture (P1)
- Aquaculture & Fishing (P3)
- All category S (Community Services/Facilities)
- All category G (Green/Recreation/Conservation)

### 3.4 Disbursement of revenue

The Green Party's intention is to have the bulk of revenue generated by the Site Value Tax go directly to the relevant local authorities. It is essential local governments have a degree of effective control over its tax revenues so they can have meaningful policy discretion.

Increasing a focus of taxation on held assets can also be utilised to reduce our dependence on

i  
n  
c  
o  
m  
e  
  
t  
a  
x  
  
a  
s  
  
a  
  
d  
r  
i  
v  
e  
r  
  
o  
f  
  
p  
u  
b  
l  
i  
c