

Why a Land Value Tax (LVT) for Northern Ireland?

Northern Ireland recently experienced one of the most severe property bubbles in the world. Property bubbles create excess mortgage debt, dampen consumer spending, and constrain economic growth.

What is a housing bubble?

A bubble occurs when house prices rise well above the real value of the property. The bubble 'bursts' when prices collapse. Speculation on land is a major cause of housing bubbles.



Average house prices in Northern Ireland

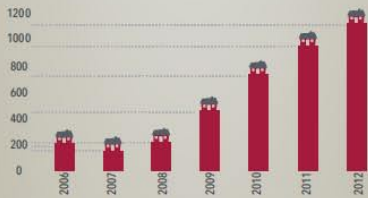


House price index UK and Ireland [Data from ONS UK and CSO Ireland]

35% ↓

of mortgaged homes here are now in negative equity, with the total amount of negative equity estimated at

£2.5 billion

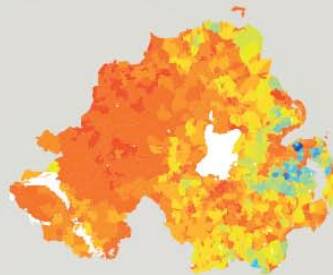


Enforced repossessions in Northern Ireland [Data: Enforcement Judgements Office NI]

LVT would be a progressive tax, as land values tend to be lower in more deprived areas

Changes in Property Tax Bills under LVT per Dwelling (£)

- £1,100 - -£1,000
- £900 - -£800
- £700 - -£600
- £500 - -£400
- £300 - -£200
- £100 - -£1,000
- +£1,000 - £1,500
- +£1,500 - £2,000
- +£2,000 - £2,500
- +£2,500 - £3,000
- +£3,000 - £3,500
- +£3,500 - £4,000
- +£4,000 - £4,500
- +£4,500 - £5,000
- +£5,000 - £5,500
- +£5,500 - £6,000
- +£6,000 - £7,000
- +£7,000 - £7,500
- +£7,500 - £8,000



Where does the idea for LVT come from?

Taxation of land values began with its 1849 adoption in New Zealand, and today it is practiced in countries as diverse as Estonia, Fiji, and the United States.



How would LVT change people's rates bills?

	Street in Malone Lower Belfast	Street in Saul Downpatrick	Street in Raraby Armagh
Median	£550,000	£110,000	£57,000
Current Rate	0.006976 £2,790 (with cap)	0.007395	0.008003
Current Tax	£3,837 (without cap)	£813	£456
Estimated value of residential land (per acre)	£423,218	£63,788	£28,601
Median site/plot size on street	950	445	140
Simple revenue-neutral LVT (no cap)	£5,754	£406	£57

Agricultural Land in Northern Ireland exempt from rates



City, towns, villages and developments pay rates

Empty plots pay no rates

LAND VALUE TAX EXPLAINED



Rates levied on property value

Paid by property owners

CURRENT SITUATION



No tax on empty land

No one pays, so property rates are higher

CURRENT SITUATION

LVT taxes the land only, not buildings



Paid by Landowner

UNDER A LVT SYSTEM

This means that increases in the value of the land are fully taxed, preventing speculation