Council TAX A to Z

There is no need for a new tax to get the wealthy paying more or give hostage to fortune by setting a single limit over which this extra taxation is paid.

The designer of council tax left enough letters of the alphabet free so that many new bands can easily be slipped in above band H.

In a progressive society, council tax would double with every rise in band over H.

Professor Danny Dorling.

-------- Original letter as sent:

Nick Clegg suggests a new asset tax on homes worth over £1 million. There is no need for a new tax to achieve this and no need to create the hostage to fortune of setting a single limit over which it is paid. The designer of the Council Tax was clever enough to leave enough letters of the alphabet free so that many new bands can be easily slipped in above band H. If each band doubled in width then homes that were worth up to £40 million would be in band N. In a progressive society the associated council tax would double with every rise in band over H. No doubt the “asset rich but income poor” occupant of a $40million home would be wheeled out to try to illustrate how unfair this was. At 1991 house price levels band I would stop at £1.25m, J would extend to £2.5m, K to $5m, L to £10m, M to £20m and so on.

Alternatively or additionally, if Nick wants a new asset tax he should look back at the good old Liberal idea of a land value tax. And if he wants to look at progressive taxation all he need do is look across at all the more prosperous countries of Europe. These are the countries in which the equivalent of the word ‘pleb’ is rarely used. They are the countries where people mostly still live longer lives than we do, suffer less crime in and respect each other more.

Within every country there is a choice to be made. How much to tax the rich and how much to penalize the poor. In France the very richest people will soon pay 75% of their income above £810,000 as tax, monies being diverted to other French citizens with less to spare. In Sweden those earning about £200,000 a year pay almost 57% tax on their additional income over that that threshold. In Denmark the higher rate kicks in even earlier, 55% at income over £46,000. This keeps housing prices down in Copenhagen. The rich there have less to spend, but fewer people need to pay for a car to get to work as so many cycle. In the Netherlands the top rate is 52% on that share of income in excess of £46,000 a year. The Dutch are now the tallest and most healthy people on earth. In Austria the 50% rate kicks in at incomes over £49,000. Try explaining how much you get in unemployment benefit (JSA) in Britain a week to an Austrian. They will not believe you. I could list all the countries where tax rates are much lower than ours, but in most of those the elderly live in abject poverty and much of life is still nasty brutal and short. It’s a choice.