

LETTER TO A POLITICIAN
**LAND TAX AND SMALL
BUSINESSES**

Land tax is constantly being attacked as inimical to small businesses.

This is a sad error, because land tax, assessed at a uniform level and applied ~~equally to all sites, would favour small~~ businessmen and allow them to compete effectively against their larger contemporaries.

Small businesses – almost by definition – occupy small areas of land, while larger businesses (again almost by definition) occupy much larger sites.

Furthermore, large and prosperous businesses often own land in the central business district of major cities, and in other places where sites are especially valuable.

Commercial land is more or less valuable as it gives access to more or fewer potential customers or employees, to transport and telecommunications, or to raw materials etcetera. Therefore, big businesses, located on valuable land, possess many advantages over smaller businesses on less valuable sites.

That is almost the sole reason for the spread of supermarkets, chain stores and multi-national companies, and for the gradual disappearance of the independent small business or professional man (and woman).

If revenue was raised through rates and taxes assessed against the value of sites, or by the direct collection of site rent as revenue, instead of income tax, sales tax, consumption tax, etcetera, then locational advantages and disadvantages would be cancelled out or balanced by the land tax, rate or site rent charge. Then both small and large businesses would have an equal chance of success.

This is but one of the many benefits that would flow to society from a wider use of charges based on the value of land, and that will be lost if any thoughtless government eliminates the last vestiges of land tax from Victoria.

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