

STATISTICAL AND SOCIAL INQUIRY SOCIETY OF IRELAND.

RATING AND VALUATION.

By HARRY LISNEY, F.S.I.

(Read on Thursday, 23rd February, 1939.)

As the title suggests the scope of my subject is to inquire whence rating came, the development and the method of apportioning the demand made by the community upon its members for contribution to the common good or to the achievement of a common purpose. The question naturally and inevitably arises, in what proportion should each individual contribute, and how shall that proportion be ascertained?

For years that has been a subject of controversy, and still remains one of the live issues of the rating system; and the principles embodied in our present rating law are the result of years of development. From the earliest rates of which record are to be found, two independent principles of assessment are to be deduced. The first is that a man should contribute to the cost of any public undertaking in proportion to the benefit which he or his property directly derives or is likely to derive from the particular undertaking. That is still the principle of the ratepayer who objects to payment of his rate because his street has not been "made up". The other is that he should contribute according to his financial ability, such ability being estimated by the value of his property in land or of the land which for any purpose he holds in his occupation.

After these preliminary remarks let us briefly trace the history of local government and rating in Ireland.

The earliest attempt had its origin in 1635 when an Act was passed which gave to the justices of assize and the justices of the peace in Quarter Sessions power to levy certain sums upon the inhabitants of counties, baronies, etc., for the execution of public works.

This Act, 10 Car. 1, Cap. 26, may be considered the beginning of grand jury or county cess which continued to be levied until by the passing of the Local Government (Ireland) Act, 1898, the county cess became amalgamated with poor rate.

Subsequent to 1635 the Irish Parliament passed a long series of Road Acts which were finally consolidated and amended by the Grand Jury Act of 1836.

The next Act of any great importance was one which applied only to towns—the Lighting of Towns Act, 1828. This Act empowered certain towns to strike a town rate, but as the Act was repealed in 1898 it is now of historical importance only.

The most important Act ever passed in Ireland from the rating point of view was the Poor Relief (Ireland) Act, 1838, which is still law. This Act was passed to provide a comprehensive system of poor relief with workhouses, etc. Unions were formed which generally consisted of a market town with the adjoining country within a radius of about ten miles and no attention was paid to county boundaries, so that several of the unions extended into two or more counties.

Boards of guardians were appointed to administer these unions and they were empowered to assess poor rate on the occupiers of each tenement within their areas.

The Act also contained a list of rateable and exempt hereditaments, provisions as to the powers of the poor rate collector; the sharing of poor rate between landlord and tenant and the exemption of all poor rate documents including rate receipts from stamp duty.

Although boards of guardians had their powers to make poor rate taken from them in 1898, and although guardians have been abolished altogether, the poor rate is still made under the Act of 1838 and the powers given therein.

The next Act of general application is the Municipal Corporation Act of 1840 which created a number of corporations and gave them power to levy a borough rate.

Another important Act followed in 1854: the Towns Improvement (Ireland) Act of that year. This Act can be adopted by any place with a population of 1,500 or over and gives to the commissioners power to levy a town rate. This town rate is limited to 1/- in the £ with an extension to 1/6 where there is a water supply. These limits have been removed altogether for towns that are urban districts. For other towns in which the Act is in force the limit is now 2/6, but even in these towns the rate may be increased beyond the statutory limit if Part III of the Housing of the Working Classes Act, 1890, has been adopted. This Act of 1854 is the one under which the majority of towns in Ireland are constituted, but on the other hand, very many of the towns have since obtained the much wider powers given under the Public Health Act, 1878. Where this Act is in force the limit of the town rate is removed and the town is governed by an urban district council instead of town commissioners.

Public Health.

In 1878 the Public Health (Ireland) Act was passed and was modelled to some extent on the English Act of 1875. This Act of 1878 provided for the creation of urban and rural sanitary districts. Every poor law union, except such part as was urban, was to form a rural sanitary district and the expenses of the duties performed under the Act were to be defrayed out of the poor rate. Certain towns were constituted urban sanitary districts, but in these cases the public health expenses were to be defrayed out of the town rate and the limit under the 1854 Act was removed.

Local Government Act, 1898.

This Act made very great changes in Irish rating and local government.

- (1) Urban sanitary authorities became urban district councils.
- (2) In every rural sanitary district, a rural district council was formed which took over the public health functions of the guardians, leaving them to deal only with poor relief and other matters.
- (3) County councils were established for every county which were given the power to levy the poor rate in the rural parts of the counties while the power of making the poor rate in towns was transferred to the urban authorities concerned. This practice still holds, though it should be remembered that towns which are constituted under the Towns Improvement Act, 1854, only, are also liable for the ordinary poor rate of the county in which they are situate.

(4) The rating powers of the boards of guardians are transferred to the town and county councils as already described.

(5) The county or grand jury cess was amalgamated with poor rate and thus disappeared as a separate charge.

It will thus be seen that poor rate which was originally for the relief of the poor only is now the means by which, in rural parts of a county all local expenses are raised, excepting such part as comes from Government grants.

In towns which are urban sanitary districts under the Public Health Act, 1878 (and consequently urban districts under the Local Government Act, 1898), the council levies two rates—the poor rate and the town rate. The town rate is levied for their own expenses and the former for the county council demand. This demand consists of the town's share of those county council expenses to which towns are liable to contribute, such as county mental hospitals, etc. In Éire both boards of guardians and rural district councils have been abolished and their duties transferred to county boards of health and public assistance, but as the abolished bodies had no rating powers the change from the rating point of view is not important.

Incidence of Rating.

Since the poor rate is of much wider application than town rate I propose to deal with it in more detail.

The Poor Relief Act of 1838 which introduced poor rate made the occupier liable to pay. By an amending Act in 1843 the owner was made liable in two cases.

(1) Where the valuation was £4 or under.

(2) Where the premises are let in separate apartments or lodgings.

The second provision is still law, but the first was repealed by the Local Government Act, 1898. The Act of 1838 as amended by an Act of 1849 gave the occupier the right to deduct from his landlord part of the poor rate paid by him. This right was also repealed by the Local Government Act of 1898, but with a provision for the adjustment of existing tenancies, on the tenant taking over the entire poor rate. This provision of the 1898 Act has been to the advantage of owners since the poor rate has increased very much since that time, and who would be bold enough to say that it has reached its maximum?

Local Government (Rates on Small Dwellings) Act, 1928.

This important Act was passed to simplify the collection of rates on small dwellings. It applies to all rates which can be made by a county council, borough council, county borough council or an urban district council. It thus applies to borough and town rates as well as poor rate. The Act provides that the rate on a small dwelling shall be made on the owner thereof and not on the occupier save where the owner is also the occupier. The owner is the person receiving the rent whether for himself or not, and a small dwelling is defined as one valued at £6 or under, the whole or part of which is structurally adapted for use as a dwelling. In Dublin the limit is £8, and certain other premises may be classed as small dwellings.

Recovery of Poor Rate.

The authority of a poor rate collector is derived from the warrant given to him under the seal of the council under which he acts. Such

warrant is issued under Section 73 of the Poor Relief Act of 1838, and the section states that the collector is to have the same powers of collection as theretofore given to the collector of county cess. Other powers are given by Section 78 of the 1838 Act and by subsequent Acts, and the collector's powers may be summarised as follows:—

- (1) Collector distraining under his own warrant.
- (2) Collector distraining under magistrates' warrant.
- (3) Collector distraining for rate as in the case of a distress for rent.
- (4) Collector proceeding by Civil Bill.
- (5) Writ of summons in High Court.

The power of distress extends to all goods on the premises whether belonging to defaulters or not. A Civil Bill decree can be registered as a judgment against the lands or any other lands of the defaulter in the union and formerly took priority over all other charges, a right which has lapsed since the abolition of the unions. In the case of distress under a magistrate's warrant the goods of a defaulter may be seized anywhere, while in the case of distress under the collector's own warrant he may seize on the premises only.

Writ of summons is applicable where the rates amount to £50 or the defendant does not reside within the county. It should be remembered that in Dublin the municipal rate is poor rate in character since by Section 63 of the Local Government (Dublin) Act, 1930, all laws relating to the making, assessment, levying collection and recovery of poor rate apply to municipal rate.

History of Valuation Methods.

It will be necessary first of all to consider the old method of assessing county cess which has been described in the evidence given to a select committee of the British House of Commons in 1824. At that time county cess appeared to have been assessed on an acreage basis and the areas of the various farms were taken as set out in various surveys done by local surveyors under different Road Acts of the old Irish Parliament. In order, however, to bring the valuation of land to one uniform standard the contents of unproductive farms were calculated in reduced acres so that the official and actual areas of a farm were seldom the same. In 1825, however, the first official survey of Ireland, apart from the Down survey of Sir William Petty in 1654, was begun. Troubles never come singly, especially in Ireland, so that in the following year the first official valuation for rating was begun. This valuation was described in the Act as being for the more equal levying of grand jury cess. The townland was the unit of valuation. While this work was progressing, the Poor Relief Act of 1838 was passed and this Act required a separate valuation for every tenement as contrasted with the townland valuation under the Grand Jury Acts. The Act of 1826 provided for a commissioner of valuation for each county, but an amending Act was passed in 1836 which provided for one commissioner for all Ireland. This person was Sir Richard Griffith whose name will always be associated with Irish rating valuations.

At first the guardians under the 1838 Act employed local valuers to split the townland valuation up among the various occupiers, and in some cases to make additional surveys, etc., of their own.

Each year it became more evident that a valuation of each tenement was needed, so that in 1846 the townland valuation which had been going on since 1826 was stopped. Six counties still remained

to be valued, and it was provided that tenement valuations were to be made in these counties which were Cork, Dublin, Kerry, Limerick, Tipperary and Waterford. In 1852, however, the most important Act in connection with Irish valuation for rating was passed, the Valuation (Ireland) Act.

This Act which is still in force, forms the basis of all valuation legislation in Ireland. It contains two distinct bases of valuation, one for land and one for other hereditaments.

The valuations under this Act are generally known as Griffith's Valuations, and were begun in the South of Ireland in 1848 and finished in Ulster in 1865. It is said that the valuation of land in Ulster is higher than in the South and West. The reason often assigned is that Griffith began in the south shortly after the Famine when the letting value of land was low and finished in Ulster much later when agricultural prices had improved. The statutory price also favoured the pasture land found in the South.

The annual value of agricultural land was to be an estimate of net annual value, tenant paying all rates and having regard to the following scale of prices:—

				s.	d.	
Wheat	...	...	...	7	6	per cwt.
Oats	...	...	...	4	10	" "
Barley	...	...	...	5	6	" "
Flax	...	...	...	49	0	" "
Butter	...	...	...	65	4	" "
Beef	...	...	...	35	6	" "
Mutton	...	...	...	41	0	" "
Pork	...	...	...	32	0	" "

The basis of valuation in regard to houses and buildings was to be made upon an estimate of the net annual value thereof, that is to say: the rent for which, one year with another the same might in its actual state be reasonably expected to let from year to year, the probable average annual cost of repairs, insurance and other expenses (if any) necessary to maintain the hereditament in its actual state and all rates, taxes and public charges if any (except tithe rent charge) being paid by the tenant.

This basis is still the law, though custom has in many cases caused valuations to be made on a lower basis. In some cases, too, legislation has been passed providing for temporary restrictions on valuations. Chief of these are the Rent Restriction Act, 1920, and the Local Government Act, 1927, as amended in 1934, together with the Housing Acts from 1924 onwards and the Housing (Gaeltacht) Act, 1929.

The basis of valuation for buildings and other hereditaments might be shortly stated as the value to a tenant on a repairing lease tenant paying all rates.

The problem of ascertaining rental value may be approached in several ways:—

- (a) The rent at which the property is let.
- (b) The rent at which similar properties are let.
- (c) Percentage on purchasing price plus value of ground.
- (d) Percentage on building cost plus ground value.
- (e) Accommodation, e.g., valuation of cinema on seating accommodation.

- (f) Reasonable trade earnings. This method is sometimes known as the profits method of valuation and is applicable to gasworks and the like.

In England the law lays down a definition of gross value which may be briefly said to be the value to a tenant who pays all rates, landlord doing all repairs. From this gross an allowance for repairs is made in accordance with a scale to find the net annual or Rateable value.

There is no statutory scale of deductions for repairs in Ireland since the Act of 1852 defines net annual value only. This gives the valuer a wider discretion to deal with the case of each house on its merits.

The absence of a compulsory provision in the old Valuation Acts for the periodical revaluation of property led to the list becoming out of date with regard to the older properties and the undervaluation of new properties to keep them in line with the existing valuations of such older properties.

Annual Revision of Valuation.

The Act of 1852 contained several provisions for keeping the valuation up to date. One of these was a provision for the rate collector to return the particulars of any tenement the value of which had altered, so that the valuation might be changed accordingly. The law of annual revision of valuation is now found in Section 4 of the Valuation (Ireland) Amendment Act, 1854, as amended by the Adaptation of Irish Enactments Order, 1899. The collectors of poor rate in each county and urban district are required to make out lists of all rateable property in their districts the valuation of which requires revision either on account of alterations in limits or changes owing to improvement or deterioration or other causes. Further, any ratepayer in the district may make out a similar list and the properties need not be his own or need he be interested in them in any way. Both these lists must be submitted by the 15th June in each year. Urban lists are sent to the clerk of the urban district council concerned and lists of rural properties go to the secretary of the county council concerned. The local authorities concerned are supposed to forward with the lists to the commissioner of valuation their opinion as to whether the revisions asked for are necessary, but an omission to do this does not affect the commissioner's jurisdiction to revise.

Supplementary Revision of Valuation.

The commissioner of valuation has the power to accept lists of tenements for annual revision after 15th June, but this is at his own discretion.

It should be understood that the commissioner of valuation has no power apart from general revaluation to revise the valuation of any property or to fix a valuation on new property except the property has been returned to him on the annual revision lists. The valuations of such properties as have been listed are revised by the commissioner and his revised list is issued on or before 1st March in each year and becomes effective for rating purposes on 1st April.

Appeals Against Valuation.

As already stated, the revised lists are issued on or before 1st March in each year, and by Section 20 of the Valuation Act, 1852, any aggrieved ratepayer may appeal to the commissioner to reconsider the valuation. A different valuer is appointed to deal with the case, and in due course the list as altered on appeal is issued. There is no statutory date for the issue of this list, but it is usually issued in September and, of course, dated back to the previous April.

Appeal to the Court.

At any time within 21 days of the issue of the appeal list any aggrieved ratepayer may give notice to the clerk of the urban council or secretary of the county council as the case may be of his intention to appeal to the Circuit Court, and must within five days afterwards enter into recognisances in the sum of £5 to pursue each appeal.

The decision of the Circuit Court is final on a point of fact, but points of law may be taken to a higher court.

General Revaluations.

In addition to the provisions for annual revision, the valuation code contains two provisions for what might be called sectional revaluation. One of these is contained in Section 34 of the Valuation Act, 1852, which empowers the grand jury (now the county council) of a particular county to request a revaluation in its area. Since the county concerned has to pay the cost, it is not surprising that the section has never come into force. The Local Government (Ireland) Act, 1898, Section 65, also empowers a county borough council to request a revaluation in its area, and revaluations under that section were carried out in Belfast, Dublin and Waterford.

What is a Rateable Hereditament?

It is a peculiar fact that both the Acts imposing poor rate and town rate contain lists of rateable hereditaments liable to those respective rates while the Valuation Act of 1852 also contains a list of rateable hereditaments expressed to be used for poor and county rates. These lists are, however, to a large extent similar, and the most important list is the one found in the Act of 1852. It is as follows:—

- All lands, buildings and opened mines.
- All commons and rights of commons and all other profits to be had or received or taken out of any land.
- Half annual rents receivable out of lands or buildings used exclusively for public, scientific or charitable purposes.
- Fisheries, canals, navigations and rights of navigations, railways and tram-roads.
- All rights of way and other easements over land.
- The tolls levied in respect of such rights and easements and all other tolls.

Mines are not rateable for seven years from the opening thereof, and certain agricultural improvements are also not rateable for a similar period.

Exemption from Rating.

The Poor Relief Act of 1838 sets out at length several kinds of hereditaments which are to be exempt from rating. The Valuation (Ireland) Act, 1854, Section 2, sets out certain instructions with regard to exempt hereditaments in the following words:—

“The commissioner of valuation shall distinguish all hereditaments and tenements or portions of the same of a public nature or used for charitable purposes or for the purposes of science, literature and the fine arts and all such ratings so distinguished, so long as they continue to be so used shall be exempt from poor and county rates, but the half-rent, if any, shall be rateable.”

It will be seen that two codes of exemption exist side by side, and how far Section 63 of the Poor Relief Act, 1838, is affected by the provisions of the Valuation Acts of 1852 and 1854 has never been fully decided.

In Dublin cemeteries case the judge stated that whether Section 63 is repealed or not the exemptions therein are now wider than what is stated more shortly in Section 2 of the 1854 Act, while in the Londonderry Bridge case the judge seemed to incline to the view that Section 63 provided the exemptions and the Act of 1854 the machinery for giving effect to them.

Public Purposes.

The use of the term public purposes in connection with rating needs some explanation since it means something wider in Ireland than in England.

In England it means purposes in connection with the government of the country only, but in Ireland it also means, in addition, any purposes in which all the members of the public are interested, and not purposes for the benefit of individuals, a class or a locality.

In the Londonderry Bridge case the bridge commissioners were held to be exempt from poor rate. The bridge was open to the public on payment of toll, which toll could only, under the terms of the local Act, be used for the benefit of the public in connection with the bridge itself and could never be a source of private profit.

On the other hand, Limerick Gas Works and Belfast Water Works were held not exempt as being for the benefit of a particular locality. Also more recently in County Tyrone County Council quarry, used for quarrying stones for the public highway, was held not exempt since the quarry was to the financial advantage of the ratepayers of County Tyrone only.

In practice the following represents a selection of the various kinds of exempt hereditaments:—

All churches and chapels, also generally church halls. Government occupations such as Parliament and Government Department Buildings, head post offices, police barracks, telephone exchanges, military barracks, workhouses, public elementary schools, hospitals, county mental hospitals, and infirmaries, etc.

On the other hand, municipal offices, gasworks, town halls, waterworks, etc., are rateable. The burial grounds attached to churches are exempt along with the churches and there is a restriction on the valuation of burial grounds belonging to local authorities. Lighthouses, etc., are exempt under a special Act, while Acts of the old

Irish Parliament exempt Armagh Observatory and Marsh's Library in Dublin. The Scientific Societies Act, 1843, exempts from rates certain properties occupied by literary, scientific and fine art societies.

Half Annual Rents.

The rateability of "half-rents" requires some notice. Under the early Poor Law Acts the occupier was generally liable to pay the poor rate, but he could in turn deduct half of what he paid from his landlord when paying his rent. Such a provision was doubtless passed to divide the burden of poor relief equally between landlord and tenant. If, however, a landlord received rent out of an exempt property as for example, a church, his tenant not having paid any poor rate could not deduct any from his landlord. It was uncertain under Section 63 of the Poor Relief Act of 1838 how such landlords could be rated and so that section was amended by the Poor Relief Act, 1849, which made such landlords liable to pay at half the current poundage rate on the whole rent received. At a later date an exactly similar result was obtained by rating half the rent to the whole poundage under the provisions of the Valuation Act, 1852. The rating of half rents is, however, something of an anachronism since the passing of the Local Government Act, 1898.

Hereditaments Liable to Town Rate.

The properties which are liable to or exempt from town rate are similar to those liable to or exempt from poor rate with a few exceptions.

Lessor of a half rent is not liable to town rate. The owner of an incorporeal hereditament is not liable to town rate (e.g., a right of tolls or fishing) while property owned and occupied by the town council is also not liable to town rate, though this decision is not carried out in practice. Certain agricultural lands and land used as a railway are rated to town rate on one-fourth part of the net annual value.

Rating of Land Values.

Critics of the present rating system have condemned it as "illogical," "antiquated" and "unfair." The allegations are hard to refute. They say it has outgrown the times for which it was created and that modern changes in economic and social conditions have rendered the system obsolete and wholly out of accord with the times.

Few will deny that the system is "illogical," "antiquated," and "unfair", and it would be a miracle if it could be described by any other words, considering the piecemeal fashion in which it has been built up and the economic and industrial changes which have taken place since its introduction and early development. Various suggestions have been made for the introduction of new systems or for modifying the existing one. Undoubtedly the most revolutionary change which has been suggested is that of the rating of land values. The sponsors of the scheme are not all agreed as to the precise form it should take, but the underlying principle is that all land (without buildings, etc.) should be valued at its capital value and a rate levied on such value or on a percentage of such value (*i.e.*, an equivalent annual value).

From time to time many local authorities have given careful consideration to the project and have made representations to Parliament to introduce legislation. Glasgow did so as long ago as 1891. Many large cities and towns have held and expressed similar views, and as recently as 1935 both Monmouth County Council and Cardiff City Council passed approving resolutions. Two Royal Commissions have sat and reported on the subject—one in 1901 and the other in 1914. The 1901 Report was divided in its opinions. Nine members issued a majority report against the proposal, but two minority reports in its favour were issued by six members. The 1914 Report was also divided, seven members expressing opposition to the proposal, whilst six members issued an approving minority report.

Numerous Bills have been before the British Parliament on the subject, the recent ones being Colonel Wedgwood's Bill of 1932 and Mr. MacLaren's Bill of 1937. None of these Bills reached the Statute Book. Two Acts were, however, passed in connection with a *national tax* (as distinguished from a *local rate*) based on land values, but in each case the tax was intended to extend to local rating. The first was the famous Lloyd George measure of 1910 which was repealed in 1920 and the second was the late Viscount Snowden's Finance Act of 1931, which has also been repealed.

Although the foregoing list of failures or rejections is an impressive one, the project is by no means dead, as the Finance Committee of the London County Council have, for a long time past, been greatly exercised on the subject of the rating of site values.

In 1901 the Council promoted legislation on the subject, though without success, and, from time to time ever since, the subject has been liable to turn up again whenever there was a Progressive or Socialist majority. The last attempt to take action was made in July, 1936, when the Council expressed the opinion that the present rating system was inequitable in its incidence, and passed a resolution calling on the Government to introduce legislation to empower local authorities to levy a rate on site values. The Minister of Health, however, merely "noted" the resolution, and later, in the House of Commons, stated that no such legislation was contemplated by the Government. Undismayed by this lack of sympathy, the L.C.C. returned to the attack, and on the 26th July, 1938, the Council decided by a large majority to promote legislation in the 1938-39 session of Parliament to provide for the rating of site values in the Administrative County, including the City of London and the Inner and Middle Temples. Their suggestion is that the rate should be on the basis of annual value and that derated properties should be included. A rate of two shillings in the pound is named as reasonable. The intention is that the incidence of the rate should be on the site owner and that any provisions or stipulation making the tenant liable should be void. In the case of short tenancies the immediate lessor would be rated direct, instead of indirectly through the occupier, and for that purpose the Council propose that provisions somewhat similar to those relating to the payment of income tax by landlords under Schedule A should be adopted. If the Council's Bill is successful, they propose, under their scheme, to bring the site-value rate into operation as from April, 1941.

If it might be unwise to make up one's mind too definitely as to the probable fate of this forthcoming measure, it can at least be said that if the past be any index to the future the odds are against it. Like

the kindred proposals for the general taxation of land values, the rating of site values has a certain theoretical justification. But in both cases the practical administration is apt to come to the conclusion that, questions of equity aside, the game—from the point of view of financing central or local government, as the case may be—is not worth the candle. The Royal Commission of 1901, dealing with a similar plan for site rating, questioned the wisdom of such a course and declared that the financial results were likely to be meagre. As for the land taxes—everybody knows their sad fate. In the years between 1909 and the beginning of the War £1,300,000 was collected in land taxes, and the cost of collection was £5,000,000. No wonder the taxes were repealed in 1920. There is, on the other hand, the question of equity and the supporters of site rating justify their plans largely by the argument that, of recent times, the services for which the rates are required to pay have become so diversified and so wide in scope as to make any equitable contribution to their cost quite impossible under the present system. The rating of site values, they contend, is a proper and necessary approach to the remodelling of the existing system; and, apart from remedying their own somewhat rankling grievances with regard to “unearned increment”, would also encourage owners to use their land instead of keeping it idle. This sounds very well in theory, but in practice, wisdom and common sense appear to be with those who maintain that, though the existing system of rating has undoubtedly its faults, it is, on the whole, fair. It is urged, by the site-taxers, that no reasonable and proper contribution is made by the owners of site values; but it is, at the same time, fairly common knowledge that in arriving at the value of a property for rating purposes, site value is a material factor. The annual value of land, and the annual value of the buildings upon it, are calculated, and in the result rateable value arrived at. As for the general thesis, upon which all such schemes of taxation are based, that land derives its only value from the work of the community, this is clearly fallacious and hardly needs argument. A more practical point is that, as a matter of fact, rates are nowadays largely payable in respect of personal services. The owner of a vacant field, to take an example, has no need for the services of a fire brigade, and it would be more than difficult to produce any reason why a landowner, as such, should pay for dust removal or the cost of education.

Local Income-Tax.

We have seen from the brief survey made of the origin and development of our rating system that the original conception of the basis of assessment was that of “ability to pay”. We have also seen that the basis which ultimately became settled law was that of the annual value of occupied premises, this being found the most workable method of applying the basis as originally conceived. The value of occupied premises to-day however, gives a much less reliable guide to a person's financial ability than it doubtless did in the 16th and 17th centuries. Since those years the country has undergone considerable industrial development, which has made vast changes in the economic conditions of both rich and poor. The suggestion has, therefore, quite naturally been made that some attempt should be made to devise a basis more closely related to ability to pay, which, it is claimed, can be achieved by the introduction of some form of local income-tax levied and graduated on lines consistent with modern conditions. Whilst the

scheme is most attractive in theory, its practical application is one of considerable difficulty, the chief being the undesirability of having two forms of income-tax and the difficulty of localising income. Both difficulties it is claimed, could be overcome by the present national income-tax being increased to cover the cost of local requirements, but, on the other hand, it is said that the consequent distribution of grants to the various local authorities would be cumbersome and involved, and would tend to the creation of new anomalies and the encouragement of local extravagances. Difficulties of assessment and collection would, it seems, be very considerable, and although a Departmental Commission considered the project in 1911 very little headway has been made by its supporters.

Valuation Bill, 1938.

Having got so far with my paper the above Bill was sprung upon us and I thought it would not be out of place to close my paper with a few remarks upon the Bill. You will notice that the following is a passing reference only as an explicit and useful explanatory memorandum accompanies the Bill.

Under the terms of the Bill it is proposed to revalue all unmovable property in the State with the exception of agricultural land and railways.

The first areas to be tackled—Dublin, Cork, Waterford, Limerick and Dun Laoghaire—are where the highest valuations exist. The work to be completed in about seven years, which period I imagine will be all too short, as all properties will have to be inspected with minute care.

The existing valuations of agricultural land will remain but the buildings upon the land will be revalued. The agricultural land to be excepted will be that within the county borough and urban districts also that used *primarily* as a golf links, race course, football ground or other course or ground for sport or recreation, pleasure grounds, ornamental park or gardens not belonging to the labouring classes.

The Valuation Lists will be issued as heretofore but copies will be sent to Gárda Barracks in addition to the local authorities.

Annual Revisions of Valuations will be carried out as heretofore.

The Commissioner of Valuation to have power where contiguous rateable hereditaments are in the occupation of the same occupier to value same as a single unit.

Exemptions under Section 2 of the Valuation (Ireland) Act, 1854, shall apply as heretofore.

No change is being made in appeals from valuations except a trifling one in connection with the Circuit Court.

Section 15 (1) (g) gives the Commissioner of Valuation power upon annual revision to value any rateable hereditaments which appears to him to require revision of valuation. This power is to take the place of general revaluations at intervals as in England and Northern Ireland, every fifth year.

In conclusion I wish to record my thanks to Harry A. Frazer, M.Sc., F.S.I., who assisted me with the early history of rating.

DISCUSSION ON MR. LISNEY'S PAPER.

REV. FATHER CANAVAN, S.J., in moving a vote of thanks, said that there was one aspect of the matter that had come under his (Father Canavan's) notice, and that was the rating of site values. It had come under his notice when they were discussing the slum clearance of Dublin. Their view then was, and their view now is, that the raising of a rate on the site value should be seriously considered by the public authorities.

Mr. Lisney in his paper said that though the existing system of rating had undoubtedly its faults, it was, on the whole, fair. He (speaker) was afraid that Mr. Lisney had come to that conclusion because he had put equity aside. But why should equity be put aside?

There was nothing revolutionary about the taxing of land values. It had nothing to do with socialism. It taxed only the wealth that came from the efforts of the community, and did not tax the wealth that came from the efforts of the individual. It had been adopted in Denmark, New Zealand, and South Africa, and had worked fairly well; and a remarkable thing was that Denmark which had it all through the country, was the only country during the last 50 years that had kept its rural population stable. This system of rating was no more confiscatory than, say, income tax. Recently the London County Council had been fighting for the introduction of this tax, and apparently they do not see any difficulty in administering it, and if that were so the same should be true of Dublin. It was said it may cause over-crowding, but such a tax would have to be accompanied by the strictest town planning. That was really an argument for extending it all through the country, and if that were so there would be no necessity to rush to the towns. Probably the chief argument against site value rating was the conflict between the Central fund and Municipal fund. He knew that members of Governments looked upon it with much apprehension. If you said to the Chancellor of the Exchequer that it was a monstrous thing that the Duke of Westminster pays nothing in rates, he would say: "No, he does not, because he pays it in Income Tax, and it is paid in Death Duties." Therefore, if he paid it in rates the Exchequer would get less, and for that reason, if for no others, the House of Commons would reject rating by site value.

SENATOR SIR JOHN KEANE, in seconding the vote of thanks, said he had an unformed mind on the subject of site valuation, and they would require an evening to discuss site values, and be instructed as to what it all meant. Without that knowledge they could not profitably pursue the matter. The question of rating as the basis for income tax was entirely different from the rating in itself. Rating in itself was a self-contained, detached question. So much money had got to be found, and the question of repairs and other matters does not apply. But in its application to income tax they ought to have a clear statement as to what was attempted in valuation as a basis for taxation, and it should be on the value of the net income received from property. He was very anxious that the revenue should accept definitely that formula. Taxpayers were told that under the old Griffith Valuation they had an allowance for repairs and a further statutory allowance and an allowance for

expenses vouched and shown. All that had been swept away, and the basis for income tax purposes had been increased by one-fourth. When the new valuations were made a person should be able to go before the Appeal Commissioner on the question of repairs. He could see no fair way of keeping the valuations up to date except by periodical revisions. If that could be done in London it could be done in this Bill that was now before Parliament. He would like to ask why agricultural land was excluded from the coming valuations.

MR. J. C. M. EASON said that there were two lines of approach to the present Bill before Parliament. The first was to examine the general basis of valuation, that is on what facts should determine valuations. The other was one that had appeared largely in the Press and in the minds of people discussing the Bill in the Dáil, and that was to consider what the Minister for Finance and Local Authorities would do when the Act was passed. On the question of valuation, Sir John Keane had put his finger on a very important matter, because it did seem unfair and unwise that investments in property should be singled out by the Minister for Finance without any reason except that he wanted more money. Of course a man who invested his money in house property should pay a tax on the income derived from it, just as the man does who invests his money in stocks and shares; but it is unwise to discourage people from investing money in houses. The business man did not mind whether the valuation system was antiquated or illogical so long as it was fair. In Northern Ireland there is to be a valuation every five years, but in this Bill there was no such provision.

Generally speaking, if you could get a fairly reasonable basis of comparative values in the city, people who use or occupy these buildings should pay on that valuation; it was the only way to enable the Local Authorities to get revenue. Theoretically the new valuation should not make any difference, because if the Local Authorities want say, a million pounds, they will get it; but the proper thing was to have revision. On the question of site values, the difficulty lay in ascertaining the site values, because you never knew the value of anything until you had to transfer it to someone else; and if it was difficult as regards property it was ten times more difficult when you came to sites.

MR. J. R. CLARK said with regard to site values that they all knew that one side of a street for shopping purposes was worth ten times more than the other, and how would that be got over? He thought the trouble in the Valuation Bill came from the Income Tax side, and there he was of the same view as Sir John Keane. If they had a high valuation it did not make much difference as regards the rates, but it did make a great difference from the point of view of Income Tax. There was one point in the Bill that had not been mentioned in the discussion, and that was the section which said that no regard was to be taken to anything in the Rent Restrictions Act. It seemed there was an anomaly there that should be remedied. The landlord, who could only charge a restricted rent, would have to pay on the whole of that rent without any deduction for repairs, etc. Section 187 of the Income Tax Act, 1918 provided, of course, that the tenant would have to pay any difference between the actual rent paid and the valuation; but at the same time it will undoubtedly increase Income Tax for some landlords by reason of their not getting the

benefit of any deduction, and that should be set right before the Bill comes into force.

PROFESSOR GEORGE O'BRIEN said that in theory practically everybody would agree with what Father Canavan had said in relation to the taxing of land values. It was the ideal tax from the ethical and the economic point of view, but it was very difficult to find the site value in isolation. It was extremely difficult to isolate the economic rent of a house or to calculate its site value. And, even assuming that one could isolate it in every case, a great many people had invested their savings in buying house property, and a tax on the increase of value might be a tax on an investment made out of new savings. These were practical difficulties, and the only way it could be done was to start afresh. A tax on site values could not be retrospective, but if you could start now a tax on future increments would be unobjectionable. He did not think there was going to be anything like a great increase in site values in Dublin in the future such as there had been in London. Then there was the difficulty that even if they started it now the cost would be out of proportion to what would be gained. He explained the reasons why the increment value duty has been abandoned in Great Britain. The basis of the Griffith Valuation of agricultural land had become unfair because the valuation took fifteen years or more to complete, and they had a very large number of different valuers who did not all value it on the same basis. Therefore, there was a certain disparity in different parts of the country. Moreover, the relative rates of different parcels of land had changed as the result of changes in agricultural prices and transport conditions.

DR. H. KENNEDY said that the fluctuations in the income from agriculture during the last ten years would bring great difficulties in the collection of money for local services. Some years ago he knew of a farmer who was planted by the Land Commission on a new farm. The new house he got was built in association with the farmyard of the landlord, who had disappeared. The landlord's house had been burned out during the trouble. That farmer was advised by a Government officer to knock down half of the out-buildings in order to keep down the rates; and those out-buildings had not one cubic yard of space too much for his requirements. Under the new Bill they would have a team of valuers going about examining their property, and that was no different from what the bad landlords did in the old days.

MR. C. E. REDDIN said that one social effect of the increased valuations would be to discourage improvements in licensed houses. In England it had already prevented the big brewery houses from proceeding at the same pace as they were proceeding before the Valuation Office swooped down on them. In Dublin, in 1916, and in Waterford, in 1926, the monopoly value of a licence was taken into consideration and he had no doubt that that factor would be considered by the Commissioners here; so the publicans of Dublin and Waterford were going to suffer very frequently. Then as the consumption of beer and spirits had fallen very much since 1924, it was going to have a very serious effect.

MR. J. G. SHANAHAN said he understood that the first Valuation Act in Great Britain (which did not apply to this country) was passed in 1601. In that Act they did something which they were not in the habit of doing now—they did not make the payment of the rates com-

pulsory but left the ratepayer to volunteer to do so. He doubted if that principle would commend itself in certain quarters now. With regard to the Valuation Bill which is now under consideration, a somewhat similar measure was enacted recently in Northern Ireland which resulted in the total valuations in that area being increased by about 50 per cent. The poundage rate in consequence fell by about 33 per cent., resulting in a considerable advantage to occupiers whose hereditaments did not fall for revision under the Act.

THE PRESIDENT, conveying the vote of thanks, said they had listened to a very excellent paper and very excellent contributions from their members, by the way of discussion. It was late and he would not say more now as he thought Mr. Lisney might wish to reply to one or two points.

MR. LISNEY, replying to some of the questions raised in the discussion, said, in the matter of repairs, in this country they had no scale of deductions and the valuer could claim a tremendous reduction of valuation for repairs that had been carried out over a certain number of years. On that point he himself had often succeeded in having valuations reduced. So in this country you could fight a case on repairs. On the question of revision of valuation, it was brought about by the rate collector reporting any improvements. The Commissioner also may on his own motion revise any hereditaments that required revision. In England and Northern Ireland there was now a revaluation every fifth year. On the question as to why land was excluded from the scope of the present Bill, he thought they could not get men to value it. It would be an appalling task. If this were a meeting of surveyors they could discuss many things. He had given them just a vague outline. He thought the Electricity Supply Board should be brought under the Act. Dr. Kennedy had mentioned the pulling down of buildings for a reduction of the valuation. What he should have done was to take off the roof, put on a new roof, and claim exemption for seven years on the ground that it was a new building. A public house was valued according to its trade, and the upper part of it according to the letting value.