CONTENTS

Introduction 1

PART ONE

A PANORAMIC DESCRIPTION AND INTERPRETATION

I. Systems of Land Taxation 7

Proposed Plan of Classification, 9

Taxes Based on Land Area, 10

Uniform Rate. Classified Rate.

Taxes Based on a Rental Value Concept, 13 Annual Rental Value. Capital Value.

Taxes Based on an Income Concept, 29

Tithe. Gross Yield or Gross Income. Net Income. Marketed Produce.

Special-Purpose Taxes, 36
Taxes on Incremental Value. Penalty (or Incentive) Taxes. Special Taxes on Certain Natural Resources.

Summary and Conclusions, 39

II. Dominant Conceptual and Structural Characteristics 42

Impersonal (In Rem) Form, 42

Cadastral Survey, 46

Inflexibility of Revenue Yield, 51

Rigid Rate Structure, 55

Assessment According to Notional Values, 56

III. Revenue Importance 60

Relative Revenue Importance, 61

Recent Trends, 63

Factors in Relative Revenue Importance, 64

Conclusions, 67

PART TWO MAJOR POLICY GUIDES

IV. Why Land Taxation? 71

Alleged Differences Between Land and Other Factors

of Production, 73

The State's Ownership Rights in Land. A Source of "Unearned Increment." Source of Economic Surplus. Applications of the Benefit Principle.

Conclusions, 83

xii CONTENTS

V. The Viewpoint of Equity 85

Shifting of Land Taxes, 86

Basic Theory. Intersectoral Tax Shifting. Intrasectoral Tax Shifting.

A Digression on Tax Capitalization.

VI. The Viewpoint of Equity (Continued) 110

Relation to Individual Taxpaying Capacity, 111

Measurement of Taxpaying Capacity. Definition of Net Income.

Application of Net Income Criterion. Equity Aspects of Specific Types of Taxes.

Summary and Conclusions, 124

VII. Objectives of Agricultural Development 127

Increasing the Efficiency of Production, 129
Bringing Additional Resources into Production, 131
Transferring Resources to Nonagricultural Sectors, 132
Welfare Objectives, 134

VIII. The Viewpoint of Economic Policy 137

Optimum Level of Land Taxation, 138

The Tax Base, 141

The Favorite of Economic Theory. Marginal Impact of Taxation. Effects on Composition of Production. Effects on Volume of Marketing.

The Distributional Pattern, 149 Structural Flexibility, 152 Collections in Kind, 154 Summary and Conclusions, 159

IX. The Viewpoint of Administration 161

Foundations of Successful Administration, 162

Land Administration as an Aid to Tax Administration, 165

Influence of Form of Tax on Administrative Requirements, 167

Cost of Administration. Compliance Burden. Completeness of Collection.

Summary and Conclusions, 174

PART THREE PATHWAYS TO REFORM

X. Basic Design for More Effective Land Taxation 179

The Place of Land Taxation in the Fiscal System, 181

Rationalization of the Tax Base, 185

Soil Classification According to Productive Capacity. Ratings According to Presumptive Net Income. Substitute Procedures. Tax Treatment of Landlords and Tenants. Tax Adjustments for Hired Labor.

CONTENTS xiii

Revenue Flexibility, 202 "Personalizing" the Tax, 205 Summary and Conclusions, 207

XI. Opportunities for Nonfiscal Applications 210

Incentive Implications of Land Tax Structure, 212

Special Incentive Applications, 213

To Increase Production. To Redirect Production. To Penalize Uneconomic Land Use.

Special Assessments to Finance Development Projects, 221

Conclusions, 223

index 225