

Lib Dems' Proposed Local Income Tax

A letter to the Herald, Jan 2008

Sir,

Bernard Whelan queries the basis of my claim that the Lib Dems' proposed Local Income Tax would especially hit working families in East Hampshire (Letters, 18th Jan). It is a fair challenge, so please let me outline my reasoning.

My assertion is based not on high earners as Mr Whelan suspects, but on the average working couple.

If you take the rate of Local Income Tax Lib Dem leaders have suggested (4% to 4.5%) and apply it to the average earnings of a full-time working couple in East Hants (less the income tax threshold), you get a tax of somewhere in excess of £2,000 – which is a lot more than the average Council Tax bill here. Even if one partner is working part-time (again at average earnings), it is still higher.

In truth there is no perfect system of local government finance; and there will always be winners and losers in any change. It is simply wrong to say that Local Income Tax is a cure-all.

The present system – Council Tax – is understandably unpopular with many people, not least pensioners.

But what has made the Council Tax burden so heavy is the way this government has passed down to local authorities the responsibility for collecting more and more of its revenue – the worst kind of stealth tax. And, as an article in last week's Herald made clear, Hampshire also gets a very low grant from central government.

Against this backdrop, it is doubly impressive that our own East Hants District Council is going for a 3-year freeze in its share of the Council Tax. Few other councils would attempt to be so bold.

Sincerely,

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