

Taxation: a Blessing



In a recent column Em. Professor Paul van der Molen from Twente University writes about the links between politics, national economies, the tax administration system and property and land management. Are technological advancements really making surveyors redundant?

A general election in my country, The Netherlands, is followed by a curious spectacle: the political parties have to negotiate to form a majority coalition cabinet. To steer this process in the right direction, Parliament appoints a 'highly esteemed person' to investigate whether such a cabinet formation can succeed. At that stage, lobby groups seize the opportunity to make claims on the future government budget to safeguard their interests.

(By Paul van der Molen, Twente University, The Netherlands)

Of course, these interests are put forward as interests of absolute national importance and are communicated loudly and forcefully. The industry lobby wants lower corporate taxes, otherwise the economy will stagnate. The environmental lobby wants all coal-fired power stations to be closed down, otherwise the country will fail to meet the Paris Agreement obligations. Universities want more money, otherwise the quality of education will decline. Automobile associations want more money for infrastructure, otherwise traffic jams will hinder business activity. Transgender groups want more money for gender-neutral public toilets, and so on.

According to the media, the 'highly esteemed person' has received 250 claims this year. Remarkably, these lobby groups never address the question of who has to pay for their claims. As you and I know, it's us – the humble taxpayer. Admittedly, we get a lot in return for our contributions to the government budget: healthcare, education and social security are all quite well organised, to name but a few. I would not like to live in a country where I pay no tax but also get nothing in return. That is the case in many countries in the world, unfortunately. For example, Angola levies taxes to the amount of 6% of the GDP, and Nigeria levies only 3%.

Luckily these countries generate income from natural resources rents, remittances and aid. However, falling oil prices spell trouble for them. Nepal levies 13% but can spend a bit more because of remittances and aid. But if a country has no additional revenues, no taxation means no government budget. I feel it is of the utmost importance for emerging countries to generate government revenues through fair and simple taxation. Taxation is mainly a matter of data; taxation requires a tax administration, which basically and logically consists of a register of citizens (this is the list of individual taxpayers), of legal bodies (this is the list of corporate taxpayers), of properties (this is the list of taxable objects) and an address mechanism (this is the list of addresses for performing the tax assessment and collecting the taxes).

Based on this foundation, more relevant data can be linked in an evolutionary process (e.g. ownership, income, profits, values). Conceptually, this is simple. Proven modelling and technology is available. Surveyors especially can make a valuable contribution because they are skilled in data collection and data management. Sometimes, for example within FIG, colleagues express their fear that technological advancements are making surveyors redundant. Given the fact that the tax administration system in probably upwards of 100 countries in the world still requires further development, I beg to differ.