

Impact of Taxes on Architectural Structures: A Historical Analysis

Ali Gokhan GOLCEK (<http://orcid.org/0000-0002-7948-7688>), Nigde Omer Halisdemir University, Turkey; e-mail: aligokhangolcek@ohu.edu.tr

Emre ATSAN (<http://orcid.org/0000-0003-1682-1682>), Nigde Omer Halisdemir University, Turkey; e-mail: eatsan@ohu.edu.tr

Altug Murat KOKTAS (<http://orcid.org/0000-0002-0911-2143>), Nigde Omer Halisdemir University, Turkey; e-mail: altugmuratkoktas@ohu.edu.tr

Keywords : Architecture, Tax, Real Estate.

JEL Classification Codes : H20, H24, Z11, N90.

Extended Abstract

Today, taxes have an essential importance in financing goods and services provided by the governments. There have been many regulations to enable a fair tax collection and it has recently been offered as a solution to collect taxes based on the individuals' ability to pay. In this regard, it has been accepted that it is an indicator of financial status to collect taxes based on income, wealth and expenditures of individuals. Taxation of individuals' wealth has always been criticized about fairness of tax collection. Especially some taxes and legal liabilities collected for real estates have caused people to avoid those financial liabilities. To brief it within a historical perspective; taxation for such specific subjects as window tax, fireplace tax, balcony tax, chimney tax, brick tax, pavement tax has caused individuals to avoid paying those kinds of taxes. As it is known, people may avoid paying some taxes within legal boundaries. Taxation theory puts forward that it is not possible to accrue taxes if there is not a specific subject for that tax. Thus; individuals, the taxpayers, started to have different points of view and it led to some changes in those taxes applicable to architectural structures. These taxations were influential generally in the 18th and 19th centuries and it affected architectural structure in Europe.

The "window tax", which is going to be analysed in this study, envisaged taxation by number of window in the house which influenced the architecture and the silhouette of the city, applied in England and for a certain period in France from the 17th century until the beginning of the 19th century. At the beginning individuals in the name of escaping from taxation found remedy in closing windows with bricks and building walls. Nowadays, it is possible to see closed with wall window structures especially in England. In addition, with that taxation individuals started building houses without window and tried to lighten the burden of the tax by enlarging the window size. Because the foundation of the window tax contained the number of windows a house has and therefore less tax collected from houses with fewer windows. The tax which placed on 1696 was essentially premise of modern real estate tax. Despite the damaging health and aesthetic effects and widespread protests, the tax continued for more than a century. However, it is said that "window tax" has a premise in history: "hearth tax".

The hearth tax imposed by King of England II. Charles in 1662 deemed suitable to collect one tax per furnace and stove from every house in England and Wales. Although the tax was not widely accepted because of the interventionist nature of the identification process, the evaluators who evaluate furnaces in houses and tax collectors had to enter the houses without seeking approval of the hosts.

There has been a great reaction and anger in the society against the invasion of the sanctity of the house. However, there was no need to enter houses to collect “window tax” which mentioned and tax collectors can count the windows from outside and with this evaluation procedure become simpler. Some exceptions to aforesaid window tax has seen in practice. Especially various factories and some buildings such as public offices, farmhouses with less annual income than the specified amount, dairy farms, cheese rooms, malt houses and grain warehouses are held exempted from taxation. Nevertheless, it has also been observing that structures without windows or few windows have some negative consequences for society. Particularly the absence of windows was found to tend to create dark and humid tenants with a source of disease and health problems and eventually the law about window tax dismantled in 1851.

Another interesting tax which to be analysed is brick tax set by Prime Minister William Pitt for financing wars in American colonies in 1784 under III. George or George William Frederick. In this taxation, subject of taxation composed number of bricks used and it is decided to collect tax per brick used. With the brick tax, taxpayers began to build larger bricks and search ways to avoid taxation. Aforesaid tax had two different effects on individuals; first was avoiding the bricks in architectural structures and place importance on wooden covering, the other one paved way to reduction of transportation costs. Because of the expansion of the size of the bricks necessitated the construction of the bricks on the construction site and that reduced the transportation expenses. However, it can be said that the afore-mentioned tax delayed the Industrial Revolution in England. Nonetheless, the aforesaid tax was not included in church constructions, repairs and restoration works, these areas were exempted from the taxation. The brick tax was abolished in 1850 because of the responses and to allow development of different types of bricks. Similarly; there were some similar examples in France. Taxpayers who wanted to pay fewer taxes started to prefer houses without balconies and it radically changed the architectural structure of the cities.

Today, there are taxes still in practice and affect architecture. For example, “tube houses” have emerged in Hanoi because of the state of facades of houses. The reason for this taxation comes from the Hanoi government’s years of struggle to make property-based taxes. Because the collected tax included the taxation of the house’s width of the front-facing facade. So, in Hanoi larger houses means the more taxes to be paid. For this reason, the interlocutors of the taxes, interestingly, begun building buildings in the narrowness of where two people can stand next to each other.

This study aims at examining the impact of financial liabilities applied for real estates in the past and present on architectural structure. It also analyses whether or not taxes have an impact on the essence of transformation in architecture by using examples from different countries.

References

- D’Angelo, J.B. & R.C. Fellmeth (1993), “A Perspective on California’s Regulation of Tax Preparers, Certified Public Accountants, Architects, and Landscape Architects”, *California Regulatory Law Reporter*, 13(4).
- Glantz, A.E. (2008), “A Tax on Light and Air: Impact of the Window Duty on Tax Administration and Architecture, 1696-1851”, *Penn History Review*, 15(2), 18-40.
- Lucas, R. (1997), “The Tax on Bricks and Tiles, 1784-1850: Its Application to the Country at large and, in particular, to the Country of Norfolk”, *Construction History*, 13, 29-55.
- Oates, E.W. & R.M. Schwarb (2015), “The Windows Tax: A Case Study in Excess Burden”, *The Journal of Economic Perspectives*, 29(1), 163-179.

- Seligman, E.R.A. (1911), *The Income Tax: A Study of The History, Theory, and Practice of Income Taxation at Home and Abroad*, New York: The Macmillan Company.
- Smee, W.R. (1846), *The Income Tax: Its Extension at The Present Rate Proposed to All Classes; Abolishing the Malt Tax, Window Tax, and Other Taxes, With Some Observations on The Tea Duties*, London: Pelham Richardson.
- Stebbins, C. (2010), "Public Health Imperatives and Taxation Policy: An Early Paradigm in English Law", *Cambridge History of Tax Law Conference*, <1-5, <https://ore.exeter.ac.uk/repository/bitstream/handle/10871/9982/Window%20Tax%20Conf%20Abstract-1%20-%20Stebbins.pdf?sequence=2>>, 22.08.2017.