



GHANA - June 2017

ASSEMBLIES CAUGHT IN LAZY PROPERTY TAX COLLECTION..... 1

Assemblies Caught in Lazy Property Tax Collection

Investigations into the collection of property taxes in the Accra Metropolis and the Awutu-Senya East Municipality show that officials in the districts are struggling to keep track of and tax properties.

In the case of the Accra Metropolitan Assembly (AMA), its inability to generate revenue from the collection of property rates or tax on plush edifices that have sprung up in the metropolis is as a result of the lack of register on the number of properties in the city.

About an hour's drive away from AMA is the Awutu-Senya East Municipal Assembly, which has found property tax collection so herculean that it has had to contract a private entity. Property owners in this municipality are said to be refusing to pay their property taxes chiefly out of being ill-informed about their responsibilities.

Although officials of the two assemblies have been unwilling to share statistics with Business Day Ghana, this paper has gathered that their collections have been low.

Cecil MENSAH reports from the AMA that city authorities are waiting on the central government to roll out the addresses for all properties project before they will intensify their property revenue mobilization regime.

An expert and a legal luminary told Business Day Ghana that the Assembly can make billions of cedis if it applies the law that mandates the various Metropolitan, Municipal and District Assemblies (MMDAs) to charge the rate on the value of the properties in their jurisdiction.

"The AMA can make good money through the application of the law but why have they not taken advantage of the law all this while?" he questioned.

According to him, the law gives the Land Commission the right to charge grounds rent and the Assemblies the right to also charge property rate or tax; all determined by the value of the property.

The expert revealed the law has zoned the areas in Accra into first class and second class among others in the country and properties in such areas must be valued before the tax determined.

Interestingly, AMA charges a paltry one hundred Ghana Cedis (GHC100) annually on properties at Airport Residential Area without any value for money on the properties there.

"I pay one hundred and five Ghana Cedis as my annual property rate or tax on my property without my property being valued. This is funny," he said.

According to him, property tax or rate on properties at the Airport City alone can turn around the Internally Generated Funds (IGF) of the AMA in no time.

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He said AMA is sitting on millions of cedis in terms of untapped property tax and rent on billboards in the city.

National Identification

Meanwhile, an Economic and Financial Consultant, Mr Oduro Ameyaw, is proffering that it is only a proper National Identification System (NIS) that can salvage the situation in the country.

According to him, a national identification exercise will be beneficial in helping to identify properties in the country.

He told Business Day Ghana in a conversation over the inability of the MMDAs to rake in revenues through property rates that assemblies have failed because they lack the capacity to do valuation on the properties in their jurisdiction.

He added that some people engaged by the assemblies to collect property tax sometimes collude with property owners to cheat the state.

He suggested that the Ghana Revenue Authority (GRA) be tasked to collect property tax on behalf of MMDAs since they have the capacity do so in accordance with their mandate of collection of Value Added Tax (VAT) for the National Health Insurance Authority (NHIA).

He noted that if GRA is not able to do it, the national identification exercise where all properties in the country will be captured and numbered appropriately should be able to address the problem.

A place like East Legon in the Greater Accra Region where the kinds of plush properties are put up can generate incomes by way of property rates for the government.

He hinted that property rates alone can fetch the government a lot of money because as property owners put up mansions worth several millions of cedis, they should be ready to pay the right amount of property rate on them.

"If people are putting up these state of the-art buildings in the city, they must be ready to pay the relevant property rates on them," he posited.

He explained that the assistance of property valuers are required properly value properties to enable government to efficiently tax owners for owning these properties.

In the United Kingdom (UK) people prefer to rent apartments rather than own properties because of the huge property rate they have to pay by owning properties, he revealed.

In this country people roast plantain and do all manner of businesses by the road side and do not get to pay anything by way of tax to the government while other workers in the formal sector are heavily taxed at the end of the month.

No register on properties for AMA

Business Day Ghana's investigations into the lack of register on properties elicited suggestions that the Assembly has been sitting on a gold mine but has lacked the expertise to harness it over the years.

The Public Relations Officer of AMA, Numo Blafo, told Business Day Ghana that the Assembly has no register of properties in the city.

When pressed, he directed our reporter to the office of the Town and Country Planning for access to information since that is the agency working on the register of properties in the country.

He revealed that sometimes the Assembly is compelled to fall on data emanating from the Town and Country Planning to work with in relation to properties in the city.

When Business Day contacted the Town and Planning head office at the Ministries, our reporter was subsequently directed to the Sub-Metro office of the Town and Country Planning, located close to the Musicians Union of Ghana (MUSIGA) office in Accra.

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At the said office, officials in charge of the street Naming Exercise for the AMA said there is an estimated number of properties in their books but they failed to give figures.

Nonetheless, Business Day Ghana is reliably informed that AMA is building the system, which when completed will change the operations of the assembly in terms of revenue generation on properties in the city.
Awutu-Senya sheds the load

Ernest KISSIEDU reports from Ksoa that the Awutu-Senya East Municipal Assembly has been compelled by circumstances to award the collection of property revenues to a private entity called Messrs Matphijoe Consult and Business Services, Ghana Limited.

It is believed that the contractual agreement between the two organizations is part of efforts to improve upon revenue mobilization and collection; and to meet set annual revenue collection targets.

The municipal assembly subsequently passed new rates and fee fixing resolution for properties for the period of 1st January to 31st December, 2017. The Assembly did this in accordance with Sections 34, 76, 77 and 78 of the Local Government Act 1993 (ACT 462).

Fresh Energy

Although officials of Matphijoe Consult and Business Services declined to speak with Business Day Ghana, a source close to the private firm revealed that prior to their engagement, the collection of property revenues were fraught with problems, including citizens' refusal to pay and theft by revenue collectors.

"Some [citizens] even go to the extent of conniving with the Assembly's revenue collection officers and pay less than the approved amount.

"The situation now is different because our company is fully in-charge of the revenue collection... we have been able to serve a lot of people and the responses have been good.

"We have the experience in revenue collection all over the country and this new contract wouldn't be any different," the source stated.

The company has supervisors who ensure that the revenue collectors meet their targets and, "anyone who doesn't will be fired after three months. We have a lot of application letters [from job seekers] on standby awaiting our response."

Business Day Ghana has gathered that the revenue collectors have been given a target of GHS17,800.00 per month.

This has not gone down well with some of the revenue collectors who consider the targets too high, another source claimed.

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