



GHANA - March 2017

PROPERTY TAX IS AN UNEXPLOITED REVENUE SOURCE IN GHANA – TAX EXPERTS 1

Property tax is an unexploited revenue source in Ghana – tax experts

Ask economists around the world about the most efficient kinds of taxes are and you sure to find out that property taxes will be high on the list.

Professor Ali Nakyea, a Taxation Law lecturer at the Ghana School of Law has called on government to consider raking revenue out of property tax.

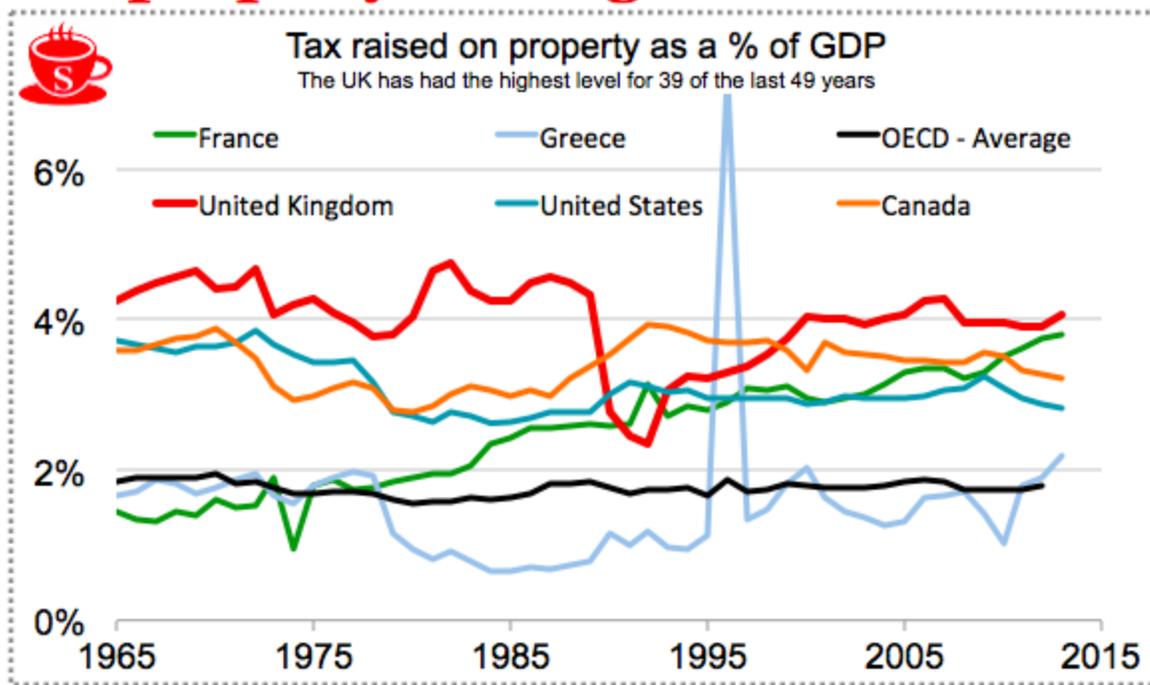
Property tax in Ghana is levied annually by local authorities on the estimated value properties, depending on its location.

The rates on property tax ranges between 0.5 to 3.0%. Experts believe this can be an outstanding source of revenue for government.

According to the Ghana Revenue Authority, property tax and rent contributed 0.03% to Ghana’s GDP in 2014.

Comparatively, in 2014, taxes on property in the UK were worth 4.2% of GDP, while the United States recorded a 3% in the same year.

UK property tax: highest in the world



Yet most African countries raise relatively little money from taxing property.

Professor Ali Nakyea tells Pulse Business that, although property tax is more growth friendly, it has been neglected by the country's tax authorities.

He explains that, in Ghana's capital city, Accra, the property rate for Residential Class 1A, an area that covers Airport Residential Area, East Legon, Ridge and Roman Ridge, is 0.17 percent.

But in reality, properties in these areas are often undervalued, and owners of GHC1 million homes either pay lower than expected rate or default payments.

He is also urging the Ghanaian government to put in place policies that will generate funds for the country as government has scrapped lot of taxes.

Meanwhile economist Dr Baah Boateng at the University of Ghana has also raised concerns about the need for government to prioritize rent tax.

"When you walk around Accra and other parts of Ghana, all the new high-rise buildings coming up, if we are able to efficiently tax them, it will inure to the country's benefit" he added.

International Property Tax Institute

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