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KOGI INTRODUCES PROPERTY TAX, EXEMPTS RELIGIOUS BODIES 1
PROVISIONAL TENEMENT RATES TO BE INTRODUCED IN THE FCT 1

Kogi Introduces Property Tax, Exempts Religious Bodies

Lokoja — The Kogi state government yesterday said it had commenced the processes of introducing the property and Land Use Charge in the state to further boost the revenues accruing to it.

It however said the poor and vulnerable would not be affected by the development as any house valued below N1 million would not pay the tax.

The director of legal services, Kogi state internal revenue service, Isah Jamr, said this in Lokoja, the state capital at a one day sensitisation seminar organised in conjunction with David Gold and Company for administrators of local government on property tax.

The chairman of KSIRS, Alhaji Yakubu Oseni, said the state had been stagnant in terms of internally generated revenue because previous leaders had no political will to identify available potentials and put to proper usage.

Provisional Tenement Rates To Be Introduced In The FCT

The Nigerian Constitution empowers local governments to assess and levy tenement rates. However, during the last administration, the local authority – Abuja Municipal Area Council [AMAC] entered into a Memorandum of Understanding [MOU] ceding its powers to the FCT Inland Revenue Service ("FCTIRS").

Recent developments

Notwithstanding the MOU, the current administration of AMAC, has issued provisional rates for residential and commercial properties in the FCT. The rates vary from N200,000 to N8million depending on the type and location of the property.

Certain properties such as the Presidential Villa, government agencies, ministries and foreign embassies are exempted.

Stakeholders have expressed concerns that the rates are arbitrary and excessive given the current economic climate. As provided by law, taxpayers can object to these rates by lodging their objections to the Assessment Appeal Tribunal within 21 days from publication of the list provided the taxpayer pays half of the assessed fee. In such instances, it is advisable for taxpayers to carry out independent assessments in support of their objections.

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After hearing objections to the provisional rates, a reviewed list, based on the outcome of the appeals, will be forwarded to the National Assembly for passage into law.

Procedure for setting tenement rates

The procedure for determining tenement rates is set out in the AMAC bye-law. Under the bye-law, an appraiser is expected to value the property with reference to gross value which is dependent on the actual rent of the tenement or rent within the vicinity.

In determining the rateable value an appraiser deducts all outgoings incurred to earn the gross value.

Where a tenement cannot be valued by reference to a direct rent by reason of the special nature of such property, an appraiser is permitted to use the "depreciated replacement cost" method or any other relevant method known to be in consonance with the training and practice of the estate valuation and surveying profession.

Takeaway

The valuation list does not indicate whether the procedure for setting tenement rate was followed. Where the procedure was not followed, stakeholders can object within the 21-day period.

Furthermore, imposition of any rates or taxes should be balanced against the need to improve the ease of doing business and ease of paying taxes in Nigeria. While property taxes may be an attractive way to raise revenue for government, this must be carefully considered to avoid unintended consequences on poor people who may have to pay more in rent as a result.

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