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WHY KAMPALA LANDLORDS ARE PROTESTING PROPERTY TAX 1

Why Kampala Landlords Are Protesting Property Tax

A wave of tension is currently growing among Kampala City landlords over Kampala Capital City Authority's (KCCA) property tax which they say is too high to cope with in a distressing economy.

They have now threatened to close their buildings in case KCCA does not revise the fees. KCCA Valuation Court, however, is still assessing their complaints, and it will pronounce itself regarding the landlords' demands to have the fees reduced.

Property tax is the levy on any property that exists within the jurisdiction of the city and it is paid once in every financial year.

It's charged in fulfilment of the periodic statutory requirement of the Local Government (Rating) Act 2005. The money collected is meant to cater for the infrastructural development.

According to the Act, every property owner is required to pay 6 per cent of the money they collect from commercial buildings after expenses on bills such as water, electricity and wages.

Mr Ismail Mubiru, who owns six commercial buildings in the city centre, says he has been previously paying Shs36m in property tax for all his buildings in the city.

He says when KCCA recently valued the same commercial buildings, he was surprised to find that the fee was tripled.

"After valuing my buildings, I learnt that I would be paying about Shs80m property tax every year.

This means that the previous money I used to pay has been tripled. However, I pay other taxes to URA and I also spend money for maintaining these buildings. When I sum up the money that I will be paying on these buildings every year, it could hit Shs95m. KCCA should be considerate by reducing these taxes," he says.

Mr Mubiru says majority of city landlords acquire loans from banks with a very high interest and that this drains their financial base as they service the accumulated loans. He claims that KCCA increased property tax without engaging the landlords.

However, landlords don't declare all the money which they make in a year because they fear to be taxed highly.

While appearing before the valuation court which is currently hearing landlords' complaints, city businessman Mansoor Young also known as Young, told the chairperson of the court, Mr Asuman Basalirwa, that he owns 25 buildings and that he has been paying about Shs120m property tax for all the buildings.

He explained that the new valuation that was recently carried out in Central Division slapped a new property tax bill of Shs 250m, a fee he has since protested.

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"The truth is that we shall not manage the rating system as per the new valuation because they have surely tripled the tax and this is likely to cause clashes because some of us are willing to pay, but of course we can't manage to pay if these fees are hiked," Mr Young told court.

Mr Basalirwa informed landlords that court will compile a report with their findings about landlords' concerns and send it to the technical team for action.

While explaining the adjustment in the rates, KCCA acting director of revenue collection, Fred Andema, said majority of places where buildings are located have since developed.

"For instance, when the defunct KCC valued these properties 14 years ago, such places hadn't developed. However, Kampala has since developed and indeed landlords have also increased rent. We can't therefore keep charging the same money yet the value for these properties is also high. We are applying the 6 per cent in relation to how busy those buildings are," he said.

Mr Andema further revealed that property tax is determined in two ways; for instance for the residential rented houses such as rentals or apartments, they compute the total amount of money such a building makes annually and after all other expenses have been deducted, KCCA taxes 6 per cent of the remaining amount.

For commercial buildings such as arcades, Mr Andema said they measure the space in terms of square metres per floor and the amount of money each floor makes annually.

However, areas within the building that do not constitute commercial space in the building are not measured.

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