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PROPERTY TAX KICKS UP STORM AT CITY HALL 1

Property tax kicks up storm at City Hall

A property tax on buildings in the city has left technocrats and politicians at City Hall divided, causing uncertainty over the envisaged revenue for this financial year.

Saturday Monitor has learnt that although political leaders at City Hall resolved in May this year to slash the tax from 6 to 4 per cent annually, technocrats have rejected their proposal, arguing that the reduction will deeply affect the operations of an already cash-strapped institution.

The decision to slash the tax, councillors argue, was hinged on the fact that Kampala Capital City Authority (KCCA) has deliberately failed to collect garbage that is generated by commercial properties in the city.

KCCA is supposed to use part of the property tax to collect garbage generated from the properties.

Property tax is the levy on any property that exists within the jurisdiction of the city.

It is charged in fulfillment of the periodic statutory requirement of the Local Government (Rating) Act 2005. The money collected caters for the infrastructural development, among other services.

The Act gives local governments the leeway to charge from 1 to 12 per cent on commercial properties in the city.

This means that elected leaders can set the appropriate percentage depending on the income made by commercial properties. But they cannot go beyond 12 per cent.

Currently, KCCA charges 6 per cent but this percentage was last determined by the defunct Kampala City Council about 14 years ago.

In a July 5 letter to Kampala Minister Beti Kamywa, the KCCA executive director, Ms Jennifer Musisi, contends that in 2016, the World Bank extended a \$183m loan to KCCA to improve the city's road network, adding that part of this money would be paid from the local revenue.

"...It was, therefore, envisaged that revenue will grow by 15 per cent and this growth will finance maintenance-oriented services like the new roads and also finance street lighting. KCCA has already utilised part of this fund," Ms Musisi wrote. She further notes that there is a valuation court at KCCA which handles all complaints arising from property tax, adding that the recent revaluation of properties and handling of objections by the same court has seen a realisation of Shs19b, of which Shs13b has already been collected.

The KCCA Valuation Court is mandated to handle all complaints from landlords about property tax. All its members are appointed by the Lord Mayor, and the current court is headed by lawyer Asuman Basalirwa.

Ms Musisi also said the current KCCA budget (2018/2019) was drawn based on the 6 per cent property tax. "We, therefore, request that you direct that the resolution of the Authority meeting held on May 23, 2018, to reduce property tax from 6 per cent to 4 per cent is illegal and of no effect," she wrote.

As such, the technical team at KCCA has vowed not to attend any other council meeting until the 4 per cent decision on property tax is revoked.

But Mr Lukwago said the power to determine the property tax is vested in the political leaders at City Hall.

He said they cannot revoke what the resolutions of the valuation court.

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“People are chocking on taxes and these taxes have actually killed many businesses. If the technical team insists on 6 per cent property tax, then we should scrap the garbage collection fees instead of fleecing the businesses in the city,” he said.

Mr Lukwago further alleged that the technical team boycotted yesterday’s council meeting because they feared to give accountability of the total budget of KCCA. But Kennedy Okello, the Nakawa II councilor, said property tax is KCCA’s major source of revenue, adding that if it is slashed, the institution will be negatively affected.

Although KCCA’s technical team argue that other municipalities around the metropolis charge a higher property tax, efforts to corroborate their claim hit a snag as both mayors of Mukono Municipality and Kira Municipality could not be reached.

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