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MONTEGO BAY TAX ADMINISTRATION DEPARTMENT TO COLLECT OVER 39 MILLION DOLLARS IN PROPERTY TAX
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PROPERTY TAXES ARE TOO LOW..... **1**

Montego Bay Tax administration department to collect over 39 million dollars in property tax

The Montego Bay Tax Administration Department is seeking to collect over 39 million dollars in property tax payments, owed by residents of the Cornwall Court community in St. James.

Regional Manager of Property Tax Compliance, Wendy Peterkin, says of the five most delinquent communities in the parish, Cornwall Court is the least compliant with property tax payments.

She says based on ongoing efforts to maximize the collection of property taxes, the local government tax unit under the management of the St. James Municipal Corporation and the Tax Administration of Jamaica will visit the community on Monday, November 19 to encourage residents to make payments.

Peterkin argues that despite numerous attempts to reach out to residents of the community, payments are still behind on 1976 properties.

She highlights that non-compliance hinders the government’s ability to serve communities effectively, as property taxes pay for garbage collection, street lights, parochial road rehabilitation and beautification of communities.

Ms. Peterkin believes that the amount owed by Cornwall Court residents is excessive, as it almost equals the combined 43.37 million owed by the Bogue Village, Bogue Heights, Westgreen and Catherine Hall communities.

St. James accounts for almost 56 thousand parcels of land that are on the property tax register.

Penalties and interest are applied to outstanding sums and delinquents can be taken to court and properties may be seized for non-compliance.

Property Taxes Are Too Low

At least one tax expert and an economist believe that Jamaicans are paying too little property taxes to meet the expectation for its eventual use.

Allison Peart, managing partner at the Ernst & Young, said some Jamaicans complain about the local rate of taxes on property, but were willing to go overseas to pay higher rates.

"We line up to get visas to US and Canada and we pay their property taxes, which are higher. But in Jamaica, the Government has to pursue a lot of us because we don't pay as much attention to the property tax," Peart said at a CAPRI forum on Tuesday at the Spanish Court Hotel in New Kingston.

International Property Tax Institute

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"When I look at the rate of property taxes and what we expect from it, I think it's too low. We like to complain about our level of taxation and we don't look at what we are paying for, and if we pay more, can we get better service?"

For the April to June period this year, just over \$3.7 billion was paid by property owners while \$3.6 billion was collected during the same period last year.

"My concern is the rate of the property tax, as the study has shown it is quite low in terms of when you compare it to the OECDs (Organisation for Economic Cooperation and Development) and the countries that Jamaicans like to immigrate to," she continued.

Lower Income Tax, GCT

Peart was supported by Executive Director of CAPRI Dr Damien King, who argued that higher property taxes would trigger a reduction in income taxes and lower GCT.

"Taking the cost of distortion into account and the international comparisons to which Allison referred, our property taxes are indeed too low," the CAPRI boss said.

He said the current property tax scheme is the least distorted of the taxes since the amount of land the taxes are calculated on does not change.

"It seems to be a behaviour: we don't like to pay; we take forever to pay, it is something that we need to change, we need to change from our children growing in terms of financial literacy and ensuring that we pay," he further mentioned.

In the meantime, CAPRI concluded that value-added taxes are far more efficient than income taxes in economies like Jamaica, where there is a large percentage of people outside the formal sectors.

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