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__Land Tenure System, Property Taxes And Local Economic Development In Ghana

Introduction:

Land tenure system, as we know it, has not been productive for Ghanaians. Chieftaincy in Ghana is woven into land tenure. Land is predominantly owned by chiefs, family members and the Government of Ghana. The chiefs and family members who own the lands sell or lease such lands to prospective purchasers over a period of 99 years. An indenture or deed is prepared and signed by the land owner or the chief to the purchaser over the lease period. But what do we see? These same chiefs and family members turn around and lease or sell the same land to a new purchaser unbeknown to him that the land had been sold previously to another person. The situation can be reversed if the land is registered and a land title certificate from the Lands Commission is secured. But getting this certificate is like going through hell. Ghanaian agencies and chiefs make simple things so difficult and it has become part of the problem faced by the ordinary citizen who needs to acquire land for productive purposes. But this is for one simple reason: It boils down to money for chiefs and agency officials.

Prospective industries and other projects that could bring jobs to localities have been halted or completely stopped because of the insistence of some chiefs to collect land fees that are so outrageous and will take away the little capital left to use to operate businesses. The issue of land lease does not favour the chiefs, because rent money is seldom paid to them. This is one of the reasons the chiefs “double” sell their lands as well as making it practically impossible to go through land transactions without a hitch. This article will propose a system that will make the parties in land dealings happy so that some progress can be made for national development.

One of the most welcoming news in Ghana is decentralization through the creation of more districts and municipalities (or counties and boroughs). These are governments brought home to the local people. I propose that the districts and their councils take over land registration and titling of all local or stool lands. Persons who acquire Government lands can title them through the Land Commission. However, such lands must be recorded in the deed book of the districts for purposes of attaching property tax to them.

The Process:

The Land Planning offices in the districts must demarcate all lands for proper land use in each locality. Land should not only be allocated for residential buildings. Allocations must be made for sewer, landfills, playgrounds and all essential facilities that make for building a well-planned and healthy society. The public areas must be purchased from the land owners or the owners must be adequately compensated for giving up their lands for such public use. Developers must be encouraged to buy large tracts of land and develop them as service lands for residential development. Individuals can continue to build their homes by securing the right permits. This must be developed into a master plan for every town in the districts. The District must enforce permit and zoning laws to the letter.

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All lands, whether they belong to the chiefs, individuals or government must be registered in the district office where such land or property is located in. This includes farm lands. Ownership of all lands, regardless of the size, must be established within each district. The districts can employ the services of drone operators to perform such a service for them. The Districts in consultation with the chiefs and land owners will decide which of the lands will come under the tax purview, especially with respect to farm and untapped lands outside town or city settlements.

A chief, family member or an individual with title to the land sells the land to a prospective purchaser, after the preparation of a site plan by a planning officer. This ensures that the site is within the local area where the land is situated. This site plan is valid for all future sale and purchase transactions related to the land and structures built on it. The 99- year lease clause will be a thing of the past for residential buildings. Farm lands can be leased by their owners to prospective lessees through ordinary contractual agreements.

The purchaser takes his settlement statement and the site plan to the District office for Property Deeds (within property valuation department of the district) and registers and gets the deed for the land. In this case, instead of chiefs preparing the land deeds, such deeds are prepared by the District offices. This deed will become more authoritative. It also certifies that the buyer has legitimate title to the land or property, to wit, land and property contracts must always be in writing.

From the moment a deed is secured, the new land owner must be prepared to pay property tax on the land, whether developed or not, depending on how the District Council decides the taxing jurisdictions of the land from item (1)

Upon developing the land for residential or commercial use, the property will be valued for the purpose of attaching a property tax rate to be taxed on. The district will decide when and how the property tax will be paid – monthly, quarterly or yearly.

Title searches for property is open to the general public. The title deed book must be made available to the general public to do title searches. Title searches can be done by real estate attorneys on behalf of their clients or anybody wanting that information to make future property purchase decisions.

Persons who have titles of land or property have the right to sell such property to whomever they please. Land and property acquired by purchase must always be registered for a new deed with the District office in charge of Property Deeds. However, anytime the property or land is sold, the district office must report the sale to the Ghana Revenue Authority for capital gain/loss tax purposes on the seller. The seller must file a tax return to show the gain or loss on such property dealing. The GRA can decide to do revenue sharing with the district where there are gains from the sale of the property.

Financial implications

Present situation. The chiefs who sell lands get their one time proceeds from such sale and that's all there is to them until after 99 years when they re-lease the land/property. There is no financial benefit to them until then, because hardly do they receive the lease rent. This is the reason they are tempted to resell the same land four or five times to different people. This unfortunate situation has led to wars, land guards and the loss of lives for no apparent reasons.

Proposed financial benefits:

The district must be equipped to raise tax revenue through property taxes on lands and property to develop the districts. Every property owner will be subject to property taxation. The district will use the revenue from property taxes to improve sanitation, debris collection, landfills, street gutters, build local market stalls, improve rural roads and street lighting to mention a few. The districts are relieved from managing schools, security and healthcare since the national government has assumed that responsibility. The area that will benefit the chiefs is that the district assembly, in conjunction with the traditional chiefs in the district, will allocate a certain percentage of the property taxes collected to the traditional council(s) within the district to be distributed to the various recognized chiefs in the district. The district will send a lump sum after each property tax collection period to the traditional council. What the traditional council does with the funds is not a matter of concern to the district assembly. This will be residual income to the chiefs instead of the one- time proceeds that they get from the sale of their lands. Residual income must be preferred by the chiefs over those one time payments because the one -time payment doesn't benefit them. Individual family members who sell their lands will not receive this financial benefit. Instead, they can receive a onetime capital gains tax waiver by the GRA for the sale of their lands. The chiefs will not receive this benefit upon the sale of their lands. They will be subject to capital gains taxes for selling their land or property.

In conclusion, developed countries rely heavily on property taxation and other local occupational taxes to develop their counties and localities. This practice can be duplicated in Ghana to completely transform our districts and municipalities, no

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matter how remote they are, into viable economic enclaves to enhance development and in so doing benefiting the chiefs and the people in those districts.

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P/S: Author is assisting a District/Municipal Assembly in Ghana to improve its tax revenue collections.

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