



Property Tax

22 June 2018



Property Tax



- The Property Tax Act, 2009 and the Valuation of Land (Amendment) Act, 2009 were assented to by the President on 31 Dec 2009 and were expected to come into operation on 1 January 2010.
- However, Section 52A of Finance Act, 2015 provided for a waiver of the Property Tax for the period 1 January 2010 to 31 December 2015.
- On 2 February 2018, as a further step in the implementation process, two Bills were introduced in the Parliament, namely the Property Tax (Amendment) Bill, 2018 and the Valuation of Land (Amendment) Bill, 2018 which seeks to make revision to the 2009 Acts.
- These two Bills were passed in both Houses and were assented to on 8th June 2018.

The Property Tax (Amendment) Act, 2018



Key features of the Act

- Definitions
- Townhouses, Condominiums, & Multi-owner commercial accommodation
- Owner of land liable to pay the Property Tax.
- Exemption from Tax
- Land omitted from the assessment roll
- Refund of tax paid
- Over / Underpayment of Property Tax
- Deferral of Tax
- Date when Tax due and payable
- Notice of Penalties for Non- payment
- Liquidation of Arrears
- Notice of where tax assessed not paid
- Power to distraint
- Waiver of taxes

The Property Tax (Amendment) Act, 2018



Definition of Land

- a) all land, messuages, tenements and hereditaments, corporeal and incorporeal, of every kind and description, or any estate or interest therein, together with all paths, passages, ways, water-courses, liberties and privileges;
- b) land covered with water; and
- c) All buildings, or any part of any building, and all structures, machinery plant, pipelines, cables and fixtures erected or placed upon, in, over, under or affixed to the land;

The Property Tax (Amendment) Act, 2018



Definition of Owner

Includes the owner or occupier of any land, and the receiver, attorney, agent, manager, guardian or committee of any such owner or occupier and any other person in charge of or having the control or possession of any land in the right of the owner, or having the possession in his or her own right or as a guardian of any person of any such land;

Definition of Parcel of land

Land which is separately held by an owner or a person in possession of land which the Commissioner directs should be valued as a separate parcel of land.

The Property Tax (Amendment) Act, 2018



Owner of land liable to pay the Property Tax.

Clause 5 of the Act amends the Property Tax Act Chapter 76:04 by inserting a new Subsection (2) to provide that any liability to the Property Tax by the owner of any building or other chattel does not create a legal entitlement to the land where the owner of the chattel is not the legal owner of the land.

The Property Tax (Amendment) Act, 2018

Exemption from Tax

Clause 6 of the Act amends Section 16(d) the Property Tax Act Chapter 76:04 and provides for charities exempted from Corporation Tax under Section 6(1) (g) of the Corporation Tax Act Chapter 75:02 for approved charitable purposes. This amendment is intended to make the provision more in line with the requirements in law for charities.

Clause 6 also amends Section 16(f) the Property Tax Act Chapter 76:04

Exemptions will now apply to:

“ land belonging to the State and in occupation of:-

- i. The State or its servants, where such servants are entitled to accommodation by virtue of the offices they hold;
- ii. A Statutory Authority;
- iii. State enterprises controlled by the State, for public purposes and listed in Schedule IV”

The Property Tax (Amendment) Act, 2018



Deferral of Tax

- Where there has been a deferral of payment of Property Tax on the grounds of hardship, the Property Tax Act has been amended to provide that such deferral shall be valid for a period of two (2) years and may be renewed if the conditions of the applicant remain unchanged.
- A decision to grant, vary or revoke a deferral of Property Tax shall be issued in writing.

The Property Tax (Amendment) Act, 2018



Date when Tax Due and Payable & Penalties and Interest

- Pursuant to Clause 17 of the Property Tax (Amendment) Act, 2018, Property Tax will become due and payable on or before 30th September in every year. (Note it was previously due on or before 31 March in every year)
- Section 52A of the Property Act - The moratorium has been extended to 30 September 2017
- Clause 18 of the Property Tax (Amendment) Act, 2018, changed the date on which penalties and interest begin to accrue from 15th September to 15th March of the following year.
- Clause 18 also empowers the BIR to waive the imposition of penalties and interest charges where it is just and equitable to do so

The Property Tax (Amendment) Act, 2018



Date when Tax Due and Payable & penalties and interest

- Clause 22 amends section 38 of the Property Tax Act

Where any amount of the tax is not paid by 15th March:

- Further sum of 10% on the amount of tax, i.e. an increased tax and interest at the rate of 15% on the combined sum from 16 March to the date of payment

The Property Tax (Amendment) Act, 2018



Liquidation of Arrears & notice where tax assessed and not paid

- Amends to Section 35 of the Property Tax Act - apply payment in the order of years in which it became due
- Section 36 of the PTA - Where tax unpaid and three months elapsed
- Notice will be issued by registered post

The Property Tax (Amendment) Act, 2018



Power to Distrain

Clause 22 amends Section 38 of the PTA

Where the BIR has levied distress upon the goods and chattels of delinquent property owners, such items may be kept for (4) days at the cost of the owner and then sold.

(where the outstanding tax, penalty interest and costs incidental to distress has not been paid)

Questions & Answers



The Valuation of Land (Amendment) Act, 2018



Key features of the Act

- Definitions
- Townhouses, Condominiums, & Multi-owner commercial accommodation
- Commissioner of Valuations to make valuations where necessary
- Increased penalty for failure to file
- Commissioner to record minimal annual rental value
- Declaration by Minister that Valuation roll is in effect
- New grounds for objecting to Valuations
- The Valuation Tribunal
- Main features of the Valuation Tribunal
- Functions of the Valuation Tribunal
- Valuation Form

The Valuation of Land (Amendment) Act, 2018



- Clause 3 of the Act explains how the valuation is to be conducted for Townhouses, Condominiums, & Multi-owner commercial accommodation

The Valuation of Land (Amendment) Act, 2018



Commissioner of Valuations to make Valuations where necessary

Clause 4 of the Act, amends section 5 of the Act to clarify that the Commissioner of Valuations shall make a valuation of the:

- a) Site value and improved value
- b) Annual rental value; and
- c) Where necessary, the capital value

The Valuation of Land (Amendment) Act, 2018



Increased penalty for failure to file

- Penalty - \$5000

Commissioner to record minimal annual value

ARV is < \$18,000 = ARV will be \$18,000

The Valuation of Land (Amendment) Act, 2018



Declaration by Minister that the roll is in effect

- More than 50% of all lands has been valued

Rates

The Valuation of Land (Amendment) Act, 2018



Valuation Tribunal

- To hear Appeals from the decisions of the Commissioner of Valuations
- Valuation Tribunal - hear appeals, amicable settlement, question of law
- High Court

Rates for Annual Rental Value

Rates for determining the Annual Rental Value

Use of Land	Percentage to be applied
Part A	
Agricultural	2% of the capital value and any agricultural buildings thereon
Residential – vacant land	3.5% of the capital value
Commercial Vacant land	5% of the capital value
Industrial Vacant Land	5% of the capital value
Part B	
Land with Plant & Machinery not housed in a building	3%

Rates for Annual Rental Value

Percentages to be applied for Annual Taxable Value

Type of Property	Rate of Tax payable - %
Residential	3%
Commercial	5%
Industrial:	
Plant and machinery housed in a building	6%
Plant and machinery not housed in a building	3%
Agricultural	1%

Rates for Annual Rental Value



Form to be completed

- Personal information
- General
- Residential Building rental
- Land Only rental - residential, commercial, industrial or agricultural
- Land lease details
- Commercial and industrial rental
- Lettings
- Declaration

Rates for Annual Rental Value



Form to be completed

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Questions & Answers

