

Property Discovery and Base Coverage

MVV182K

Property-related Taxation: Issues and Trends

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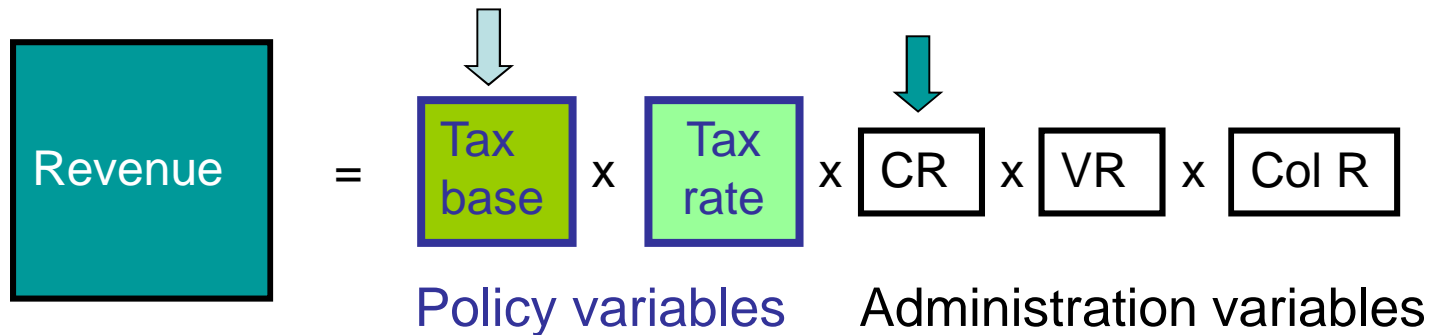
South Africa



Introduction

- Phase 1: Property discovery and tax base coverage
- Phase 2: Valuation and/or assessment
- Phase 3: Rate setting and tax relief
- Phase 4: Tax administration
 - Billing, collection, enforcement and auditing
- Phase 5: Comprehensive system management

The Revenue Mobilization Model



CR: Coverage ratio

VR: Valuation ratio

Col R: Collection ratio

Source: Kelly (2000)

Tax Base Coverage

- **Administration**
 - **Aim: Comprehensive coverage**
 - Property discovery
 - Deeds office, title office, cadastral office
 - Municipality (**Macedonia, Romania**)
 - Revenue authority?
 - Manual systems
 - Aerial and satellite photography
 - Geographic Information Systems (GIS)(**Bangalore, India; Bogota, Colombia**)
 - Data owned by utilities (e.g. electricity and/or water companies)(**Georgia**)
 - Use computers for data gathering/management

Tax Base Coverage - Reality

- Extent of the tax base – policy versus reality
 - Land only
 - Land and buildings collectively
 - Land and buildings separately
 - Buildings only

 - Urban and/or rural properties

 - Broad or narrow
 - Exclusions
 - Exemptions

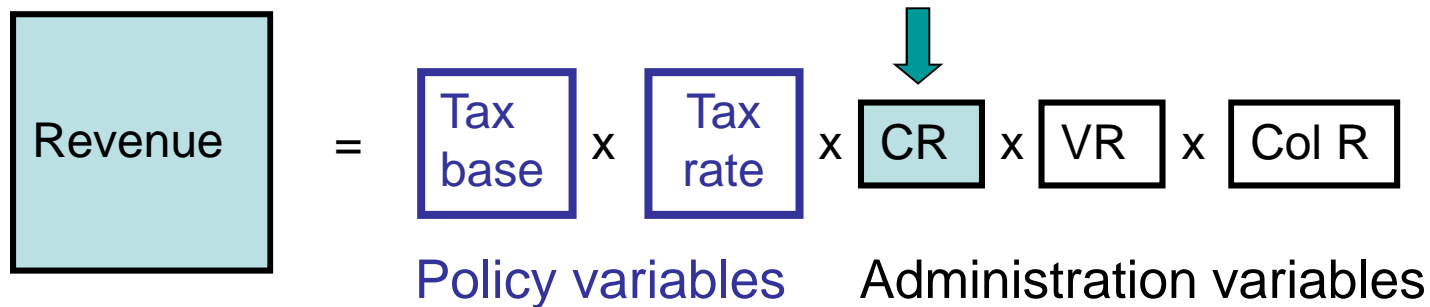
Categorisation of Property

- **Location**
 - Urban versus rural
- **Size/Value**
- **Use**
 - Residential versus non-residential
 - Non-residential (urban):
 - Commercial
 - Retail, offices, hotels
 - Industrial
 - Agricultural
 - Vacant
- **Ownership**
 - Government, natural persons, companies

Examples

- **Israel**
 - Size + location
- **India**
 - Annual value → Size + location + use
- **Cameroon and Rwanda**
 - Area → Capital value
- **South Africa**
 - 3 options → Capital value
- **United Kingdom**
 - Non-residential: annual value
 - Residential: capital value

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Property Discovery

- Problematic in many developing countries
 - Urbanization
 - Informal development
 - Weak property markets
 - Deeds registration lacking
 - High transfer taxes
 - Unclear tenure rights
- Fiscal cadastre v legal cadastre
 - **Collect only information/data needed!**

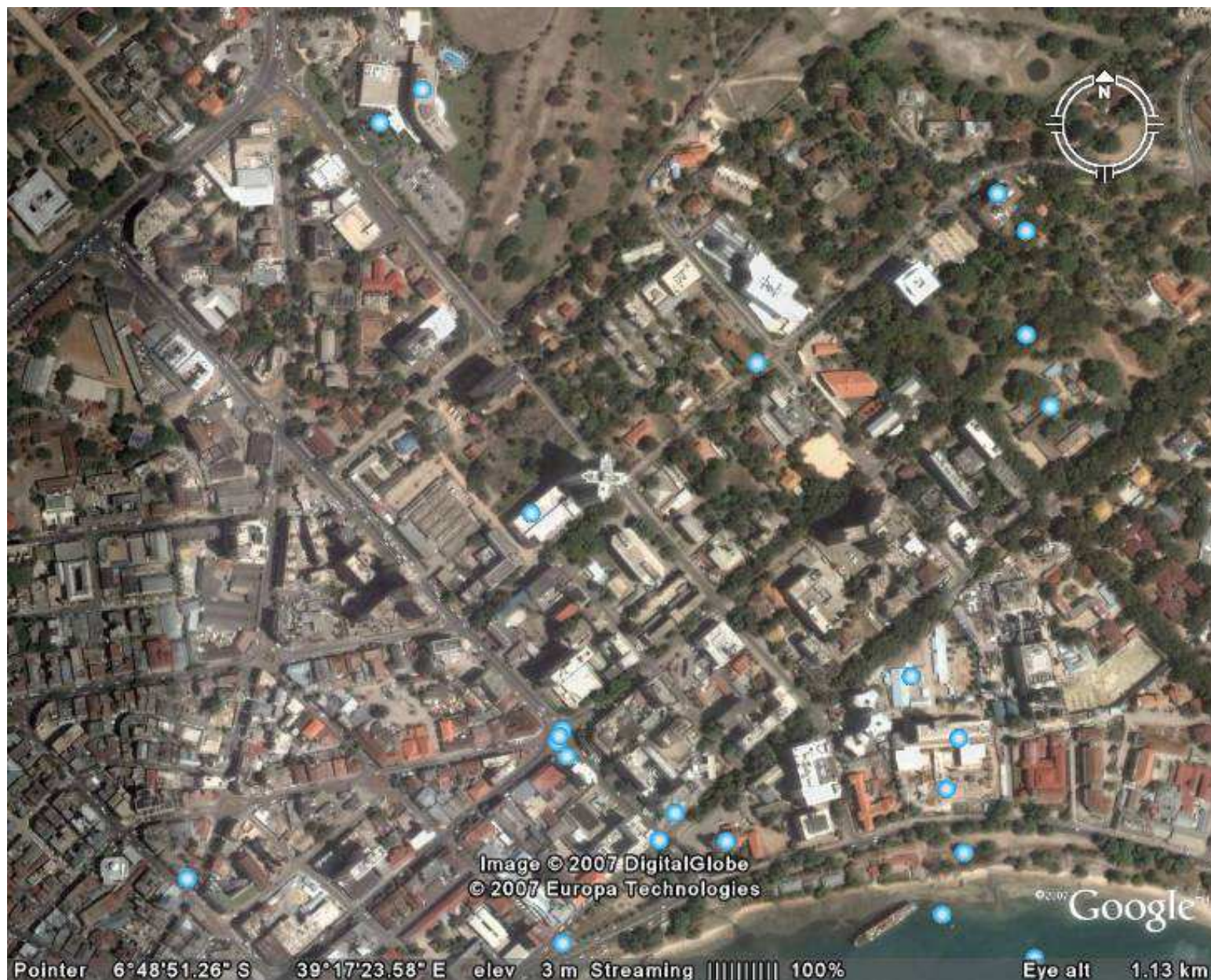
Property Discovery



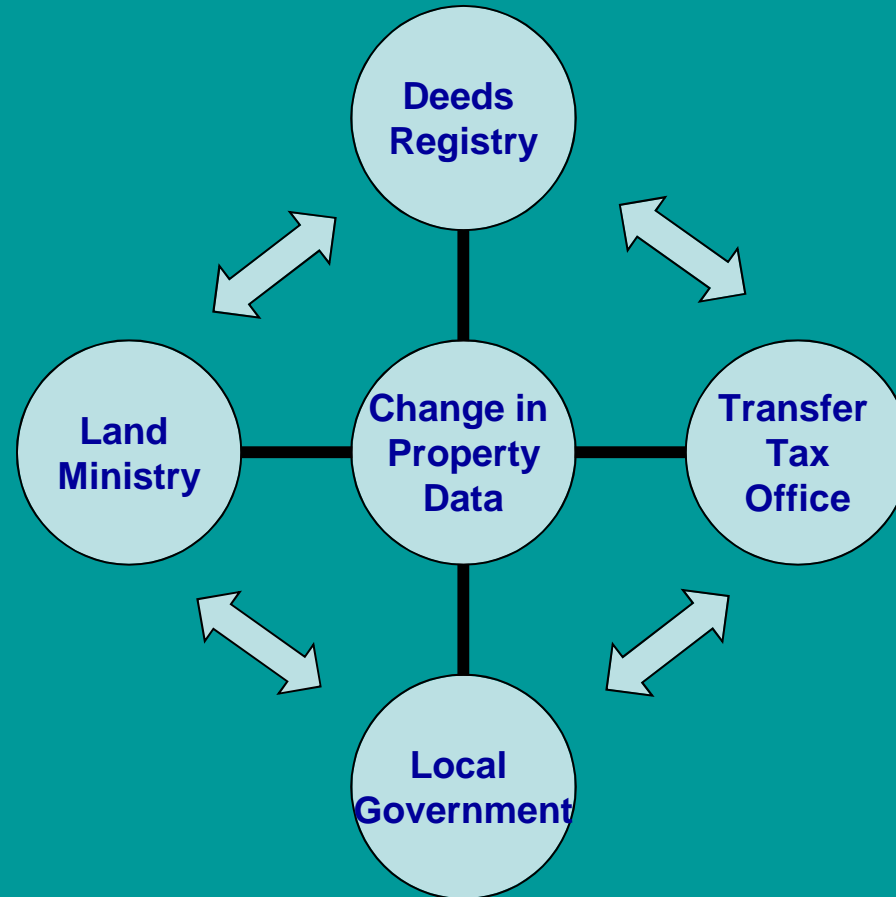
Property Discovery



Dar es Salaam CBD



Information Sharing



Rural Issues

- Institutional structures
- Land registration and tenure issues
 - Property discovery
 - Individual ownership
 - Communal land and other forms of land tenure
- Service delivery
 - Justification
 - Capacity
- Tax base issues
 - Appropriate base
 - What constitutes “rural”, “farming”?
- Valuation issues
 - Current use v highest and best use?

Examples: Taxing Rural Property

- YES:

- US and Canada
- India and China
- Australia and New Zealand
- Jamaica and Barbados
- South Africa and Namibia
- Kenya and Uganda – in principle

- NO:

- United Kingdom and Ireland
- Kenya and Uganda – in reality