PROPERTY TAX ADMINISTRATION IN FRANCOPHONE AFRICA: STRUCTURES, CHALLENGES, AND PROGRESS[1]

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ABSTRACT

In the context of a widespread focus on decentralization in Africa, there exists an imperative to find suitable ways to maximize potential own revenue sources at all sub-national government levels. This need in particular and the need for greater domestic resource mobilization by African states in general, has been exacerbated by the current global financial crisis that has led many countries into recession and left developed and developing countries alike scrambling to find solutions at home. In that regard, it has been widely suggested that property taxes would represent an important, if not the best, source of stable revenue at the sub-national level in both developed and developing countries. This paper analyses property tax systems as practiced in some francophone African countries, by identifying major issues and constraints they face; it also explores avenues to strengthen property tax as a source of national and/or municipal revenue.

JEL classifications: H71; H77; H27; O55

Keywords: Property taxation, domestic resource mobilization, fiscal decentralization, land tenure, property market, francophone Africa.

1. INTRODUCTION

In the context of a widespread focus on decentralization in Africa, there exists an imperative to find suitable ways to maximize potential own revenue sources at all sub-national government levels. This need in particular and the need for greater domestic resource mobilization by African states in general, has been exacerbated by the current global financial crisis that has led many countries into recession and left developed and developing countries alike scrambling to find solutions at home. Indeed, greater domestic resource mobilization will go a long way toward providing African countries with the means to finance their development agenda without relying excessively on external assistance. At the sub-national government level in particular, it is generally

[1] The author thanks the referees for helpful comments and suggestions on the manuscript. The author would also like to thank an anonymous referee of Economic Research Southern Africa (ERSA) for comments and suggestions. The author acknowledges financial support from ERSA.

acknowledged that greater revenue autonomy and a broad range of good and adequate revenue sources would allow sub-national governments in Africa to become more accountable to their taxpayers and to provide, more readily and efficiently, improved levels of public services and appropriate infrastructure tailored to taxpayers' preferences. By the same token, this would promote local democracy as well as improve the standard of living in local communities in Africa.

In that regard, it has been widely suggested that property taxation (hereafter referring to *real* property taxation) would represent an important, if not the best, source of stable revenue at the sub-national level in both developed and developing countries. Property tax is considered a good local tax in the sense that property, particularly land, cannot easily be moved out of the taxing jurisdiction; it is considered fair as long as it is used to finance public services and infrastructure reflecting the needs of local communities; moreover it is highly visible, thereby ensuring accountability and transparency.[2] However, if property taxes are an important potential source of revenue, especially at the local government level in many developed and developing countries across the world, it remains true that property taxes accounts for a small proportion of tax revenue in many African countries. To that effect, one author observed that property taxation is "one of the most lucrative . . . yet least-tapped sources of tax revenue to support urban government in Africa" (Mou, 1996 p.6). This is especially true in many francophone countries in Central and West Africa. At this stage, it is important to foreshadow that the reasons that property taxation has not been widely adopted in these countries are the institutional and political concerns that will be discussed in this paper. The desire of the paper is to explore whether these concerns can be overcome.

Specifically, this paper briefly analyses property tax systems as practiced in some francophone African countries by identifying major issues and constraints they face. The paper also explores avenues to design and implement more effective property tax reforms, and specifically, the role of aid in strengthening property tax as a source of national and/or municipal revenue. A fundamental reason to limit the scope of this paper to francophone sub-Saharan Africa is that, compared to Anglophone Africa, property tax systems in francophone sub-Saharan Africa are still in embryonic stages of development. Additionally, fiscal decentralization has recently regained impetus in these countries and has become an important political and economic initiative.

[2] Property tax is visible because it is not withheld at the source and is paid directly by taxpayers. Additionally, it finances highly visible public services such as roads and sidewalk maintenance, police, fire stations, hospitals, garbage collection, sewers, neighbourhood parks, library and public education in the case of the U.S. (Bird and Slack 2004).

The remainder of this study is organized as follows: section two defines the traditional property tax and explores land issues and the state of the property market in francophone Africa. Section three reviews the general conceptual model of property tax revenue and the five policy and administrative variables which determine the effectiveness of any property tax system around the world. Section four examines the property tax system of thirteen francophone countries by focusing on the main variables of the revenue mobilization model with the aim to identify major issues and challenges facing these tax systems and recommend opportunities for improvements. Section five explores some avenues to change; specifically it proposes some solutions to enhance property tax revenue mobilization. Finally, section six concludes.

2. PROPERTY TAX – BACKGROUND

2.1 DEFINITION

A property tax is a *recurrent* tax imposed by a government on the ownership and/or occupation of property. Property consists of immovable (real) property (e.g. land and buildings) or movable (personal) property (e.g. vehicles, books and jewelry), tangible property (e.g. vehicles and land) or intangible property (e.g. shares and rights). The traditional (i.e. real) property tax, which is the focus of this paper, may be assessed under the assessment systems described subsequently (Franzsen 2008a). It is important to note that the best and effective assessment system should be determined according to the circumstances and specificities of each country.

- Value-based system where assessment is done on the basis of the value of the property. Ideally, in a modern property tax system, the market value standard appears to be the preferred method of valuation; however given that this valuation standard requires substantial and comprehensive data, the acquisition value-based assessment standard is often used as an alternative (Bahl *et al*. 2008).[3]

  The value-based system includes:
  - Capital value system. In this system, land, buildings or other improvements on the land are assessed in various ways:
    - Land only: this is called land value taxation (or site value rating). It is also referred to as a tax on unimproved land value.[4]

[3] The market value is the value of the property in today's market. It is also defined as the amount a knowledgeable buyer would pay for the property and a willing seller would accept for the property at an arm's length, bona fide sale, i.e. the cash price a property would bring in an competitive and open market (as defined by the State of Georgia's law). The acquisition value is the amount paid when acquiring a property.

[4] Note that a land tax is a property tax imposed on the value or area of land only.

        - Land and buildings collectively.
        - Land and buildings separately (i.e. as separate objects): it is often called composite or differential rating
        - Buildings (i.e. improvements) only: this form of taxation is often called flat rating.
    - Rental or annual value system.

- Area-based system where assessment is done on the basis of the size of the property.

- Other systems include the flat tax system where a fixed amount is levied per property irrespective of size or value and the "calibrated" area system where tax rates are based on adjustment factors such as: location, use (whether commercial or industrial, residential, non-residential, and rural) and age of the property (Franzsen and Monkam 2010).

Many countries around the world also take account of machinery and equipments in the determination of the traditional property tax base (Kelly 2000; Bird and Slack 2004). Additionally, it is important to note that the traditional property tax has different appellations in various countries around the world: Building tax (Grenada), Council tax (United Kingdom), Holdings tax (Bangladesh), House tax (Dominica, Trinidad), Land tax (Australia, Jamaica, New Zealand, Papua New Guinea, Vanuatu), Land and house tax (St Lucia, St Kitts and Nevis), Landownership tax (Cameroon), Land use charge (Lagos State, Nigeria), Property rates (Sierra Leone, South Africa), Rates (Botswana, Fiji, Kenya, Malaysia, Sri Lanka), Towns property tax (Belize), and Uniform business rate (United Kingdom) (Franzsen 2008b).

2.2 LAND ISSUES AND PROPERTY MARKET IN FRANCOPHONE AFRICA

2.2.1 LAND ISSUES

In some francophone African countries (e.g. Gabon), land tenure laws are such that all land without a title that has not been registered as an individual private property belongs to the state. Thus, it follows that all land held under customary (also called traditional or community-based) systems are legally state owned or part of the state private domain. In these countries, the land legislation in general encourages individual private tenure through a formal land registration procedure and does not recognize communally based land tenure. De facto, however, the majority of land in these countries remains in the hand of the indigenous community in rural areas (local land chiefs, family heads, and village notables) and is managed through customary land tenure systems. Despite that fact, land legislation in these countries has not always been in the

priority agenda of the central government and often disregards the overall issue of community-based land tenure (Bruce 1998; Monkam 2009a; 2009b).

However, in other countries in francophone Africa (e.g. Senegal), all lands in rural areas held under customary rights are often incorporated in the national domain and may not be sold; however, rural councils in these countries are often given by law the right to allocate land according to customary practice provided the land is "exploited in the most productive manner" (Bruce 1998; Monkam 2009a; 2009b). This is related to the principle of "*mise en valeur*", which means that the beneficiaries are required to assure "the development of their lands according to a program established by the council." Should the rural council ascertain that the land is used in an unproductive manner, the land would be returned to the council and reallocated to other beneficiaries (Bruce *et al*. 1998). As a practical example, Senegal was one of the first countries in Africa to similarly decentralize the administration of national tenure legislation to rural council (Rural Council Law of 1972). In order to mitigate the ambiguity associated with the concept of "*mise en valeur*", a 1980 decree in Senegal, gave the prefect (who manages a *department* in Senegal) the authority to establish the minimum conditions of "*mise en valeur*" given the local economic development and ecological strategies of the jurisdiction (Bruce *et al*. 1998).

Overall, in most countries in francophone Africa, current land legislation tends to encourage individual private tenure through a formal land regularization procedure in urban areas (statutory land tenure) but would often not legally recognize communally based management and exploitation of the land in rural areas even though customary ownership of land is still widespread (customary land tenure). Hence, this legislation generally poses serious contradictions to and exacerbates the conflict between statutory land tenure systems and customary land tenure systems. For example, in the case of Senegal, because the law does not clearly prescribe a framework to use either statutory or customary land tenure systems which are often contradictory, rural councils have unfettered discretion and often use whichever law would benefit wealthy or influential members of the community over poorer most vulnerable, or less influential members (Monkam 2009b).

Furthermore, despite land tenure regularization and land titling programs implemented in most countries in francophone Africa, procedures for land registration tend to be particularly lengthy and cumbersome. This explains the fact that land tenure informality and irregularity remain an important issue in these countries.[5] In the case of Gabon for example, according to the Depart-

[5] Land tenure irregularity usually refers to a situation where a land or property owner does not possess a formal property title but a proof of purchase through customary land tenure system when such system is not formally recognized in the law but still widespread in a country (Durand-Lasserve and Ndiaye 2008).

ment of Taxation, there is not a strict enforcement of land registration procedures and as a result, there is a significant illegal occupation of land. Specifically in 2006, while between 40,000 to 45,000 parcels of land were identified by the Cadastre (i.e. a government service in charge of administering land management and land development in Gabon), only about 15,000 land titles were distributed in Gabon, with approximately 18,000 applications being examined at the *Service des Domaines* (Monkam 2009a).[6] In the case of Senegal, before 1993 when simplifications in the process were proposed, tenure regularization and the granting of property rights in Dakar necessitated 44 stages and 12 different central and local administrative offices; after 1993, the stages and offices involved were reduced to 14 and 10 respectively. Additionally, there is no strict enforcement of tenure regularization procedures which considerably impedes tenure regularization and land titling in the country (Monkam 2009b).

All the above-mentioned factors are bound to affect property tax policy and administration in francophone Africa and would account for the fact that property taxation in these countries tends to be limited to urban areas, mainly capitals and major cities, where land tenure regularization and land titling programs are somewhat better enforced and where market thickness in observed property transactions is greater (Monkam 2009a; 2009b).

2.2.2 THE STATE OF PROPERTY MARKET IN FRANCOPHONE AFRICA

The introduction of an ad valorem-based local property tax has been widely acknowledged as a crucial tool to create fiscal autonomy at the local government level in countries around the world. However, an ad valorem-based property tax could only be justified, achieved and maintained in a context of a mature and well-functioning property market characterized by good-quality data on transactions, adequate transfer taxes not hampering declared values of properties, efficient tax administration and a great supply of qualified appraisers.[7] As a result, countries around the world, especially countries with no or underdeveloped formal property market, would adopt an area-based property tax system (where assessment is done on the basis of the size of the property) as a temporary solution until conditions have been met to establish a tax system based on relative property value (McCluskey *et al.* 2002).

As a result, the state of the property market and land tenure issues in a country, among other things, are in general necessary to determine the most

[6] Three government services administer land management and land development in Gabon: the *Service des Domaines,* within the Ministry of Finance; the *Service du Cadastre* within the Urban Planning Ministry; and the *Services de la Conservation Foncière* (or land conservation) within the Presidency of the Republic.

[7] Appraisers are also termed assessors or valuers in American English.

appropriate valuation basis for property tax assessment (whether value-based or non-value-based).

In the context of francophone Africa, the property market remains mostly imperfect. Because land tenure regularizations and title registrations are not yet complete in most of these countries and because of the unresolved issue of customary rights on land (conflicts between statutory law and customary law), a large informal property market remains. In this background, the implementation of a successful ad valorem property tax system might be greatly hindered. This explains why, more often than not, if an ad valorem-based property tax system exists in these countries, it tends to be limited to the capital and other large cities; whereas the area-based system is widespread mainly in other smaller cities or often applied to agricultural land in rural areas (Monkam 2009a; 2009b).

3. PROPERTY TAX – RESOURCE MOBILIZATION MODEL

In the general conceptual model of property tax revenues, five policy and administrative variables determine the effectiveness of any property tax system (Kelly 2000):

$$\text{Tax Revenue} = \text{Tax Base} * TR * CVR * VR * CLR$$

As indicated by the above revenue mobilization model, tax revenue is a function of two policy choice variables, namely the definition of the tax base and the tax ratio (TR), and three administrative-related variables, specifically the size of the coverage ratio (CVR), the valuation ratio (VR), and the collection ratio (CLR).

3.1 PROPERTY TAX POLICY

3.1.1 TAX BASE IDENTIFICATION

Defining the appropriate tax base, what is and what is not taxed, is a critical policy decision. Property taxes are generally levied on land only (site value taxation), buildings only, and on land and buildings (or improvements) either separately or collectively. Many countries also take account of machinery and equipment in the property tax base (Kelly 2000; Bird and Slack 2004). Properties are typically classified on the basis of use as residential, non residential (which include commercial, industrial, government, agricultural, and vacant), and rural (agricultural and non-agricultural).

The property tax base generally is defined broadly in the law to comprise all land, all buildings or both; similarly, exemptions and exclusions are generally provided for and prescribed by law as well. Exemptions in most countries

are either permanent or temporary and often include: international governments and organizations, based on reciprocity or treaty agreements; religious, social, and educational properties (e.g. churches, schools, hospitals, and charity organizations); and government property.

3.1.2 TAX RATIO (TR)

This is the second policy choice variable. Determining an appropriate tax rate would depend primarily on the revenue requirements of the taxing authority (through its annual budget process) and the nature and extent of the tax base (Kelly 2000). For example, in the United States, the property tax rate or millage rate ("mill levy") is typically determined as follows:

$$\begin{aligned} &Budgeted\ Revenue\ to\ be\ Raised\ by\ Property\ Tax \\ &\qquad = Local\ Govt\ Operating\ Expenses \\ &\qquad - Revenue\ From\ Sources\ other\ than\ the\ Property\ Tax \end{aligned}$$

And,

$$Mill\ Rate = \frac{Budgeted\ Revenue\ to\ be\ Raised\ by\ Property\ Tax}{Total\ Assessed\ Value\ of\ all\ Taxable\ Property}$$

Source: Lambert (2008).

At this stage, it is important to emphasize that this method of determining the property tax rate is very unlike the system found in practice in francophone countries. The reasons for this discrepancy are discussed in subsequent sections.

Various tax rate levels and structures are found in countries around the world. First, tax rates can be set nationally or locally. In particular, in some countries, property taxation would be a central government shared tax where the central government sets the tax rate, with no discretion given to local governments. In other countries, local authorities would set tax rates either with complete freedom or under central government supervision and approval, or they would be granted discretion to set rates within some statutory limitations (maximum and/or minimum rates).

Additionally, property tax rates can be uniform (same tax rate applied to all taxable properties) or differential, depending on the category of property (residential, commercial, industrial, vacant, agricultural), the tax base (land or buildings), and the tax assessment ratios, etc.

Finally, property tax rates could also be levied at a flat or graduated rate. In many countries, these rates are either progressive (as value of the taxed property rises, taxes take an *increasing* percentage of value) or regressive (as value of the taxed property rises, taxes take a *smaller* percentage of the value)

(Kelly 2000; Bird and Slack 2004). In fact, the incidence of the property tax is one that remains an open theoretical and empirical question. Indeed, a consensus on the economic incidence of property taxation has yet to be reached, and as a result, polarizing arguments in favor of or against property tax reform in francophone countries are likely to arise (Bahl *et al*. 2008).

3.2 PROPERTY TAX ADMINISTRATION

Empirical evidence from francophone African countries indicates that, though improving property tax resource mobilization certainly depends on sound tax policy, it nonetheless relies heavily on an improved tax administration.[8] Tax policy choices would impact the definition of the tax base, exemptions, valuations procedures, tax rates, and collections and enforcement legal stipulations, while tax administration efficiency would require that all properties are inventoried, listed in the tax rolls, and kept up-to-date; that they are valued as closely as possible to market value, and that tax revenues are collected and enforced. In other words, tax administrative efficiency is a function of three administrative-related variables, namely the size of the coverage ratio (CVR), the valuation ratio (VR), and the collection ratio (CLR) that are discussed in detail in the sections that follow.

3.2.1 COVERAGE RATIO (CVR)

The coverage ratio is the amount of taxable properties captured in the fiscal cadastre divided by the total taxable properties in a jurisdiction. A fiscal cadastre is the collection of property-related information in a jurisdiction by the taxing authority. For each property, it includes information such as its description, location, a definition of its boundaries in a cadastral map, the ownership, and the value of land and improvements as a basis of taxation (Bird and Slack 2004).[9] The tax administration's goal would be to have a comprehensive coverage, i.e. a coverage ratio as close to 100% as possible. To achieve that would require efficient identification and information gathering on all properties in the jurisdiction, using techniques such as field surveys, manual systems, aerial and satellite photography, Geographic Information Systems (GIS), data owned by utility companies (e.g. electricity distributors, water boards, telephone companies), and taxpayer-provided information. Additionally, it is very important that the fiscal cadastre within a jurisdiction be updated as regularly

[8] See country reports from surveyed francophone African countries in the Reference section. The Lincoln Institute of Land Policy (Cambridge, MA, USA) and the African Tax Institute (University of Pretoria, South Africa) have embarked on a joint research project on property-related taxes on the African continent. Many countries in Francophone Africa were among the countries surveyed.

[9] A cadastre is also defined as a public record, survey, or map of the extent, ownership, and value of each plot or parcel of land as a basis of taxation.

as possible to make sure that all properties are on the tax rolls, made consistent and accurate (Kelly 2000; Bird and Slack 2004).

3.2.2 VALUATION RATIO (VR)

Once the tax base has been determined, it remains to determine the value of property to which the tax rate would be applied. There are two different methods that are used to assess property: (a) an area-based assessment where assessment is done on the basis of the size of the property, and (b) a value-based assessment which is divided into a capital value-based system (land only, buildings only, land and buildings separately, land and buildings collectively) and an annual or rental value-based system.

In value-based assessment systems, the property tax base is in general the full market value of the taxable property or the market value discounted by a fixed assessment ratio (for example, full market value times the assessment ratio equals the assessed value) (Bahl 2009). This assessment methodology appears to be favored by most experts and policymakers as the better tax base for the following reasons: first, value-based property assessment tends to better reflect the benefits derived not only from public goods and services received, but also from the presence of amenities in the vicinity of properties. It follows that, for example, properties located in close proximity to transit systems, parks and greenways are generally characterized by higher property values. Conversely, an assessment based on the size of the property will not capture the differences in the quality of any improvements on the property or its locational attributes, and as such would levy the same amount of property tax on two properties of similar size and age where one property is located near a park and the other is located near a waste site. Second, the market-based assessment appears to be a relatively good way of helping to achieve vertical equity, the reason being that high-income taxpayers located in neighborhoods with concentration of high-value properties will pay higher taxes than low-income taxpayers living in low-value neighborhoods. Finally, the market-based assessment would take account of changes in relative values of properties over time (revenue buoyancy), something that the area-based valuation system cannot accomplish (Bahl 2009; Bird and Slack 2004).

However, value-based property taxation, especially one on land and building collectively, would tend to discourage property improvements or other investment in property as they would result in higher taxes and, consequently would result in the underutilization of land (economic inefficiency). Note however, that a tax on the value of land only (site value taxation or land taxation) will result in an efficient use of land (Bird and Slack 2004). Furthermore, the value-based assessment system requires extensive property-market data and a good deed-registration system. It is also resource intensive and requires skills, capacity, and maintenance. This latter argument would explain why

many African countries, especially francophone countries, would adopt an area-based property tax system as a temporary solution until conditions have been met to establish a tax system based on relative property value (McCluskey *et al.* 2002). Indeed, in area-based property tax systems, property tax rates are simply determined per area unit of land and per area unit of improvement on land parcel and possibly represent the best system in countries with no or underdeveloped formal property market for they are easier and cheaper to administer, readily understood and transparent, and require less data (Bahl 2009). This was further confirmed by Bell and Connolly (2010) who argued that area-based property tax systems represent an effective way to teach people gradually to pay property taxes, especially in countries with limited data, limited financial, human and technological resources and where property tax is still fairly underutilized.

Nevertheless, area-based property tax systems are commonly reputed to be regressive, unfair, not directly linked to quality of building or its location to amenities such as schools, public transports, greenways, shopping centers, etc. As a result, they are in general not linked the ability-to-pay principle and are characterized by a lack of revenue buoyancy (indeed the size of the property would tend to remain relatively fixed over time) (Rao 2008).[10] In order to mitigate these problems, some countries would adopt a more "calibrated" area-based system where tax rates are based on adjustment factors such as: location, zones, use (whether residential, non-residential, and rural), age, and other physical characteristics of the property (Bahl 2009; Franzsen and Monkam 2010).

Consequently, it is necessary to carefully take into account the above-mentioned trade-offs between area-based and value-based property taxation as well as country-specific circumstances when determining the most appropriate valuation basis for property tax assessment. Subsequently, efforts must be made to maximize the valuation ratio. This ratio assesses the percentage of market value that is captured through the valuation process and is obtained by dividing the total value on the valuation rolls by the real market value of properties on the valuation rolls. It measures the accuracy level of the property valuation. A high valuation ratio could be achieved by means of recurrent property valuations and simple and cost-effective mass valuation techniques (Kelly 2000).[11] Note that in the case of an area-based system where the assessment is

[10] Here, buoyancy refers to changes in property tax revenues relative to the value of properties. Buoyancy would require that tax yield expand at least as fast as the base.

[11] The valuation ratio is important for uniformity and quality-control purposes. Different valuation ratios across jurisdictions, within or across countries, might reflect conservative property valuations, which undervalue property prices by a certain percentage in some jurisdictions compared to others. Different valuation ratios might also reflect inconsistent property valuations across jurisdictions stemming from appraisers' mistakes or outdated valuation rolls (Kelly 2000).

done relative to the size of the property, the valuation ratio is irrelevant, given the difficulties in obtaining real property market values. In such a system, the annual value of a property could be determined by multiplying the surface area of the property in square meters by a specific unit area value. In general, a calibrated area system, which modifies the area-based property tax system by incorporating rate differentials and/or coefficients of adjustment, based on aspects such as location, use (whether residential, non-residential and rural), age of the property and quality of structure, may appear as a better proxy or a rough estimate of market value, hence improving the fairness of the property tax, especially if the coverage ratio is as close to 100% as possible. This would be especially true if, as proponents of the area-based assessment system (specifically the calibrated system) argued, periodic revisions of the rates for each of the factors or characteristics of the property are conducted to ensure that property tax revenues grow at least as fast as the value of properties. Critics of this assessment system, however, argued that the assignment of weights to factors such as location, use, age, and quality of construction is mostly done subjectively and this system thus makes it difficult to have a specific or regular revaluation cycle that would ensure the elasticity and the buoyancy of the property tax (Rao 2008; Bell and Connolly 2010).

3.2.3 COLLECTION RATIO (CLR)

The collection ratio is defined as tax revenue collected, over total tax liability billed for that year. In general, the collection of property taxes in many countries involves sending out tax bills, collecting current tax liabilities and tax arrears, and ensuring payment. According to Kelly (2000) and Bird and Slack (2004), a high collection ratio would stem from political will and a strict implementation of incentives, sanctions, and penalties. Furthermore, there is a literature, such as Bahl (1999) and Alm (2000), which suggests that tax compliance is also affected by other important factors such as: (1) citizen participation in decision-making processes, which would give citizens a voice in how their taxes should be spent; (2) local governments' credibility and downward accountability to local people, and (3) adequate provision of public goods.

The next section analyses the property tax system of thirteen francophone countries by examining the main variables of the above-mentioned revenue mobilization model, with the aim to identify the major issues and challenges facing these tax systems and recommend opportunities for improvements.

4. PROPERTY TAX IN PRACTICE – SELECTED CASE STUDIES IN FRANCOPHONE AFRICA

This section briefly reviews the property tax systems in thirteen francophone countries: Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Mada-

gascar, Mali, Mauritania, Rwanda, and Senegal. Table 1 provides basic information regarding these countries.

Table 1. Basic Information regarding some francophone countries

Country	Size (km2)	Capital	Population (July 2009 est.)	GDP per capita-PPP (2008 est.)	Independence
Burkina Faso	274,200	Ouagadougou	15,746,232	$1,200	5 August 1960 (from France)
Cameroon	475,440	Yaoundé	18,879,301	$2,300	1 January 1960 (from French-administered UN trusteeship)
Central African Republic	622,984	Bangui	4,511,488	$700	13 August 1960 (from France)
Chad	1,284,000	N'Djamena	10,329,208	$1,600	11 August 1960 (from France)
Congo, Democratic Republic of	2,344,858	Kinshasa	68,692,542	$300	30 June 1960 (from Belgium)
Comoros	2,235	Moroni	752,438	$1,000	6 July 1975 (from France)
Côte d'Ivoire	322,463	Yamoussoukro	20,617,068	$1,700	7 August 1960 (from France)
Gabon	267,667	Libreville	1,514,993	$14,200	17 August 1960 (from France)
Madagascar	587,041	Antananarivo	20,653,556	$1,000	26 June 1960 (from France)
Mali	1,240,192	Bamako	12,666,987	$1,100	22 September 1960 (from France)
Mauritania	1,030,700	Nouakchott	3,129,486	$2,100	28 November 1960 (from France)
Rwanda	26,338	Kigali	10,473,282	$900	1 July 1962 (from Belgium-administered UN trusteeship)
Senegal	196,722	Dakar	13,711,597	$1,600	20 August 1960 (from France)[12]

Source: The World Factbook 2009 – CIA.

The Tables 4 to 10 (appendix A) present a summary of the property tax legislation and the importance and extent of annual property taxes as a source of national and/or municipal revenue in the studied countries. [13]

[12] Senegal Independence: 4 April 1960 (from France); complete independence achieved upon dissolution of federation with Mali on 20 August 1960 (World Factbook 2009 – CIA).

[13] The Lincoln Institute of Land Policy (Cambridge, MA, USA) and the African Tax Institute (University of Pretoria, South Africa) embarked on a joint research project on property-related

It is important to note that with the exception of the Democratic Republic of the Congo and Rwanda, which were formerly Belgian colonies, all the surveyed countries have a French colonial history. They largely inherited the French and Belgian administrative systems, and their property tax system reforms were inspired by the principles underlying the French and Belgian tax systems.

Additionally, Burkina Faso and Mali were among the francophone African countries studied in the context of the research project on property-related taxes on the African continent but, as yet, do not levy a property tax defined as a *recurrent* tax imposed by a government on the ownership and/or occupation of property. Burkina Faso, however, levies a tax on occupation and use of public land (*"taxe de jouissance")* as well as a tax on rental income from buildings and unimproved properties (*"impôt sur les revenus fonciers")* (General Tax Department, Burkina Faso). Nonetheless, both taxes are not property taxes in the strict sense of the term. Mali also levies a tax on the gross annual rental income (*"impôt sur les revenus fonciers"*) which by definition is classified as a tax on income and profits but does not constitute a property tax (Mali General Tax Code). This raises the importance of applying a careful differentiation between a tax on *rental income* and a property tax based on annual *rental value*. The main difference between a tax on rental income and a property tax based on annual rental value lies in the fact that the former is a tax on income and, as such, if a property is not rented, i.e. without rental income, there is no tax. In the case of a property tax, the tax is paid regardless of the use; which would provide an incentive to use property more efficiently.

The preliminary conclusion drawn from the individual country reports on property tax legislation and practices in francophone Africa and summarized in the preceding tables is that the property tax systems in these countries are still in embryonic stages of development; the major issues and constraints they face are detailed in the subsequent section. Table 2 below provides a rough benchmark to assess the overall state and potential of the property tax system in these countries. From this table, Côte d'Ivoire and Senegal may be identified as countries among the surveyed francophone African countries that have demonstrated the most progress in achieving their property tax revenue potential; the remaining francophone countries appear to be equally worse-off in terms of their coverage, assessment, tax, and collection ratios.

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taxes on the African continent. The goal of the research project is to extend the existing coverage pertaining to property-related taxation in Africa by collecting, collating, reporting and critically reflecting on these taxes as they are levied and administered in all 54 countries in Africa (Franzsen and Monkam 2010). The countries in table 1 were among the countries surveyed.

Table 2. Property Tax Bases, Tax Rates[1], and Sources of Revenue for Local Government

Country	Land value (site value)	Land & Buildings (separate objects)	Land & Buildings	Improvements only	Rental/Annual Value	Area Value	Calibrated Area Value	Tax Rate(s)	Sources of Revenue for Local Govt
Cameroon			X			X		Area/various Value/0.11%	Negligible
Central African Republic	X				X	X		15-30%; 27.5%[2]	Negligible
Chad					X	X		11-12%; 20-21%[3]	Negligible
Congo, Democratic Republic of							X	Area/various	Negligible
Comoros						X[4]		Area/various	N/A
Côte d'Ivoire	X				X			4-15%; 1.5%[5]	Moderate
Gabon						X		N/A[6]	Negligible
Madagascar	X				X	X		Area/various Land value/1%; Rental value/5-10%	N/A
Mauritania					X	X		Value/3-10%; Area/various[7]	Negligible
Rwanda				X		X		Value/0.1-0.2%; Area/various[8]	Negligible
Senegal	X				X			Rental value/5-7.5%; Land value/5%; 1-3%[9]	Moderate

Source: Lincoln Institute of Land Policy (Cambridge, MA, USA) and African Tax Institute (University of Pretoria, South Africa): Property Tax Research Project on the African continent.

Notes:

1. The property tax bases and the tax rates are provided for in the legislation in francophone countries.
2. 15% (individuals) and 30% (corporations) on annual rental value (developed property) and 27.5% on land value (undeveloped property). Area tax rates (in rural areas) between 500CFAF and 2000 CFAF per hectare according to the type of land use.
3. 11-12% on annual rental value (developed property), 20-21% on 4/5 of the rental value which is based on 10% of market value (undeveloped property). Area tax rate (in rural areas): 50 000 CFAF per hectare.
4. Land and buildings are valued separately.

5. Between 4% (residential) and 15% (commercial) on annual rental value (developed property) and 1.5% of the market value of land only (undeveloped property).
6. In practice, the tax structure as prescribed by law has yet to be implemented. An area-based system is currently in place but rates could not be obtained.
7. Between 3 and 10% of annual value (developed property). Area tax rates (agricultural land): cannot exceed 100 UM per hectare.
8. Between 0.1 and 0.2% of property value (developed property). Area tax rates (undeveloped property): various and determined by municipal councils.
9. 5% (buildings) and 7.5% (industrial plants) on annual rental value (developed property), 5% of the market value of land only (undeveloped property), and between 1% and 3% of the market value of land only (insufficiently improved land).

Overall, despite their infancy, property tax systems in francophone African countries have the potential to yield stable if not buoyant tax revenues if properly designed and administered in tandem by central and local governments. However, there is also a role for development partners to play, particularly in supporting tax administration reform processes.

5. RESOURCE MOBILIZATION – ISSUES, CONSTRAINTS, AND AVENUES TO CHANGE

As evidenced in the previous section, the property tax policy and administration system of most of these francophone African countries is fraught with challenges and issues exacerbated by the political, economic and institutional realities of these countries. According to Kelly (2000), the seven major functions of a property tax system are related to four fundamental ratios:[14] coverage, valuation, tax, and collection. As the property tax system is currently practiced in these countries, the ensuing coverage, assessment, tax, and collection ratios have in general been low. For the most part, a poor tax administration in terms of coverage, valuation, collection and enforcement ratios accounts for the fact that property tax is not utilized optimally as an important own source of revenue for local governments in francophone Africa. Nevertheless, the potential is enormous and can only be tapped into if policymakers and donor agencies implement more effective property tax reforms, preferably synchronized with broader fiscal decentralization efforts.

The following sections discuss fiscal decentralization and the main variables of the revenue mobilization model with the aim to identify the major issues and challenges facing property tax systems in francophone Africa and recommend opportunities for improvements.

[14] The seven major functions are: tax base identification, tax base valuation, tax assessment, tax collection, tax enforcement, dispute resolution, and taxpayer service (Kelly 2000).

5.1 FISCAL DECENTRALIZATION

5.1.1 ISSUES AND CONSTRAINTS

Given that many francophone countries have already embarked upon the path of fiscal decentralization, they theoretically cognizant of the fact that property tax is generally viewed as the foundation of the local government finance system and could be a crucial element of the national fiscal decentralization process (Bahl 2009). In several francophone countries, however, both lack of political will and lack of bureaucratic support are generally observed and have resulted in delaying a comprehensive implementation of the fiscal decentralization laws and thus the property tax legislation. Central governments are often reluctant to devolve tax authority to local governments to accompany their expenditures responsibilities for fear of empowering the opposition and losing political power, especially in the case of capital cities and regional governments.

For local governments, the outcome of these issues has been heavy financial dependence on resources from the central government and has created disincentives at local level to find efficient ways to raise own revenue sources. This situation is to the disadvantage of local governments in francophone Africa given that a source of local autonomous revenue is generally viewed as desirable for the following reason: sub-national governments would be given the incentive to be more accountable to their taxpayers and would be encouraged to enhance revenue mobilization to provide, more readily and efficiently, improved levels of public services and appropriate infrastructure tailored to their constituents' preferences.

5.1.2 AVENUES TO CHANGE

Development partners may assist francophone countries in designing and implementing their fiscal decentralization processes in many ways: (a) support in and revision of policy design and development of white papers providing a framework for fiscal decentralization ; support in and revision of decentralization laws and implementing regulations; support in monitoring and evaluation (Bahl and Martinez-Vazquez 2006); (b) support a dire need for capacity building at the level of the Ministry of Finance, the Ministry in charge of decentralization , and at the level of elected local government councils to assist them in local economic development; and (c) elaboration of training manuals for elected local officials to be used around the country (Cheka 2007).

With greater property tax policy and administration authority, greater accountability to their constituents, strengthened capacity, and assistance from the central government, elected councils would have strong incentives to maximize revenue mobilization through an efficient tax system in order to provide quality services and promote economic development.

Ultimately however, political will needs to be mustered for a significant impetus to be given to the fiscal decentralization process in these countries, as well as to design a sound property tax policy and an effective and efficient property tax administration. In reality, in the absence of real central government interest in and push for success and in the absence of a strong political will to change matters, efforts to implement an effective local property tax revenue mobilization would be moot. The evidence of numerous attempts in numerous countries, especially in Africa, to bypass the political structure in this manner shows that it does not work.

5.2 COVERAGE RATIO/PROPERTY IDENTIFICATION

5.2.1 ISSUES AND CONSTRAINTS

Property tax systems throughout francophone Africa are also characterized by low coverage ratios. A variety of reasons explaining these low coverage ratios are recurrent across francophone countries (Monkam 2009a; 2009b):

- In the face of growing urbanization, lengthy, cumbersome and unenforced procedures for individual land registration have resulted in a significant illegal occupation of land in these countries (informal settlements) and a negligible registration of deeds or titles resulting in an imperfect property market. Indeed, property taxation is commonly assessed around the world on the basis of value, especially market value, and assessing the fair market value would require a mature and open property market where buyers and sellers are able to willingly buy and sell properties at an arm's length and where transaction data are effectively recorded. These transaction data play an important role in establishing the assessed values of properties not involved in a transaction. Thereupon, setting up such a mature property market would require a secure land tenure regularization addressed through the allocation of individual freehold titles or other real property rights (McCluskey and Bell 2008; Durand-Lasserve and Ndiaye 2008).

- A lack of human and financial resources allocated to property discovery and the development of poor fiscal cadastre, resulting from insufficient qualified and motivated staff, inefficiency of manual systems used to systematically identify properties (e.g. lack of proper tax maps, aerial photography, vehicles needed for field surveys, printers), a lack of computers necessary for data gathering and management, and poor coordination of fiscal cadastre information.

- Political and religious leaders who tend to use their influence to exclude their properties from the fiscal cadastre.

- Lack of enforcement in taxpayer-provided information; indeed taxpayers are often reluctant to provide detailed information about their property, information which is necessary in the discovery and the valuation process.

- Difficulty in identifying owners of unimproved property and unimproved or insufficiently improved land and lack of land information.

- Outdated fiscal cadastres.[15]

5.2.2 AVENUES TO CHANGE

Development partners may assist francophone countries in achieving as comprehensive fiscal cadastres as possible through the following means: (a) training of administrative staff; (b) introduction of comprehensive computerization in the tax administration; (c) development of manual procedures for field data collections, data processing and analysis; (d) matching contributions to finance Computer Assisted Mass Appraisal (CAMA) systems.[16] Such systems would not only expand the coverage and valuation ratios, thus building up the cadastre, but also completely overhaul the ad valorem-based property tax system in francophone Africa. For example, the European Union financed a CAMA system in Senegal that will be implemented in the country in the upcoming years; (e) help modernize the cadastre administration in these countries and later on acquire topographical equipments such as Total Stations and GPS units, aerial and satellite photography, and Geographic Information Systems (GIS); (e) and most importantly, implementing land reforms and improving property markets (Monkam 2009a; 2009b).

5.3 TAX BASE VALUATION

5.3.1 ISSUES AND CONSTRAINTS

One of the most critical issues in many francophone African countries is the lack of capacity to assess properties. This is the process by which the property tax system chooses the tax assessment basis that would equitably allocate the tax burden among properties in various jurisdictions in a country. As mentioned above, there are two main types of assessments: an area-based assessment where assessment is done on the basis of the size of the property; and a value-based assessment which is divided into a capital value-based system (land only, buildings only, land and buildings separately, land and buildings collectively) and an annual rental value-based system (Franzsen 2008).

[15] See also country reports from surveyed francophone African countries in the Reference section.

[16] The CAMA system allows appraisers to determine the value of each parcel of land by taking into account reports sales values, individual property characteristics, locations and other factors affecting land values (Bahl *et al.* 2008).

It is important at this stage to briefly discuss the treatment of agricultural land in the assessment process, given that agriculture remains an important economic activity in francophone Africa. In some of these countries, especially in rural areas, an area-based system is usually applied. The main characteristic of this area-based system is that property tax rates are often determined per area unit of agricultural land and according to the type of agricultural activities. For example, in rural areas in Gabon, the property tax rate is determined as described in Table 3 below (Monkam 2009a).

Table 3. Rates of Unimproved Property in Rural Areas in Gabon

Type of Agricultural Activities	**Fixed Rate per Hectare (in CFAF)**
Cultivated land producing coffee, oil palm trees, rubber	600
Other agricultural activities	250
Second category land with adjoining factories to process agricultural products	150
Idle land	150
Land used for livestock farming	150

Source: Monkam (2009a).
Note: the currency used in Gabon is the CFA franc or CFAF (ISO currency code: XAF). CFA stands for *Communauté Française d'Afrique* or French community of Africa (as per March 31, 2011, €1= CFAF 656 and $1= CFAF 462).

Overall, in most of these countries, due for the most part to a lack of trained and skilled appraisers (in-house, government and private appraisers) and insufficient resources for revaluations to reflect changes in property market values, valuation rolls are seriously outdated (Franzsen 2007; Franzsen and Monkam 2010).

5.3.2 AVENUES TO CHANGE

Once again, donor agencies could provide development assistance in the form of (1) capacity building in the area of valuation to increase the numbers of skilled registered appraisers, (2) development of training facilities or related academic programs at universities, and (3) possibly assistance in the form of matched contributions to make use of mass-valuations techniques (Franzsen and Monkam 2010).

5.4 TAX COLLECTION AND ENFORCEMENT

5.4.1 ISSUES AND CONSTRAINTS

Property identification and tax base valuation and assessment would be a moot exercise if the tax is not collected and compliance enforced, and therefore revenues generated. Coverage and valuations procedures are supportive and intermediate steps (Kelly 2000). In many countries in francophone Africa, large amounts of tax revenues are forgone due to tax evasion and tax avoidance in the property tax system. Unfortunately, enforcement mechanisms if they exist (fines, liens, foreclosures, publication of delinquents' names in newspapers, etc.) are not generally effectively implemented in these countries.

Low collection ratios in these countries usually stem from the following factors:

- Lack of political will; there is a reluctance to impose additional taxes on an already heavily burdened and impoverished population and more often political and prominent taxpayers tend to use their personal influence to evade their fair share of property tax.

- Poor billing procedures resulting from poor taxpayer database, inefficient postal services, lack of sufficient staff, and lack of comprehensive and standardized street address databases (Franzsen and Monkam 2010).

- High levels of corruption in tax administration systems at the collection and enforcement stages.

- Chronic taxpayer non-compliance caused not only by a poor and corrupt administration but also by a lack of understanding of the tax system (which is often very complex), a lack of confidence in the tax administration and by an inadequate service delivery (Monkam 2009a; 2009b).[17]

5.4.2 AVENUES TO CHANGE

Donor agencies could help francophone countries address governance challenges by improving transparency and reducing corruption in tax administration systems, and by improving taxpayer education and making information readily available to them.

Another important avenue to improve collection of property tax, especially in urban areas where political and prominent taxpayers own most properties

[17] See also country reports from surveyed francophone African countries in the Reference section.

and tend to use their influence to evade property tax, would be to present the property tax as a benefit charge.[18] As such, property tax revenues would be earmarked to finance public infrastructure, public goods and service provision (such as education, police protection, primary healthcare facilities, quality roads, water, electricity, sewerage, waste collection, etc.) and activities (such as recreational activities, development and preservation of parks, open spaces, and greenways, and other similar amenities) that clearly enhance property values and actually benefit the owners of valuable property assets (i.e. mostly the wealthy elite, businesses, and political and prominent taxpayers in francophone Africa). The underlying rationale is straightforward: if owners of properties care about public services they received from property tax revenues, approximately in proportion to the value of their properties, this would encourage voluntary compliance.

Additionally, if property rights are systematically used as a means to access credit, this will not only improve land tenure systems (i.e. the establishment of secure property rights in land) and property markets in francophone Africa, but will also increase property tax compliance and collection. On a related note, the development and maintenance of comprehensive fiscal cadastres and tax payments records would also promote tax compliance.

Another potential solution to the compliance issue was raised in the literature by Bahl (1999) who suggested that improving elected local officials' accountability to their constituents might improve taxpayers' compliance, as empowered citizens would be able to observe how public officials carry out their responsibilities and have some knowledge of whom they can hold accountable for the poor quality of local service delivery in their jurisdiction. As a result, citizens' tax ethics might increase, a tax compliance culture might evolve, and revenue mobilization might be enhanced in the society as a whole. Empowering (local) populations might be achieved through the following techniques: locally approved budgets, improved citizen participation in decision-making processes and voting power awareness. Civil society advocacy and National Taxpayers Associations could also go a long way toward achieving this objective and donors could assist in establishing such institutions in francophone African countries.

6. CONCLUSION AND POLICY RECOMMENDATIONS

It is generally acknowledged that greater revenue autonomy and a broad range of good and adequate revenue sources would allow sub-national governments in Africa to become more accountable to their taxpayers and to pro-

[18] It is important to note at this stage that the author is not attempting to contribute to the ongoing theoretical debate on the incidence of the property tax but would like to make the point that establishing transparency or the explicit link between property tax paid and benefits received appears crucial.

vide, more readily and efficiently, improved levels of public services and appropriate infrastructure, tailored to taxpayers' preferences. By the same token, this would promote local democracy as well as improve the standard of living in local communities in Africa. In that regard, it has been widely suggested that property taxes would represent an important, if not the best, source of stable revenue at the sub-national level in both developed and developing countries.

A review of the documentation of property tax legislation and practices in some francophone African countries reveals that property tax systems in these countries are still in embryonic stages of development. As the property tax system is currently practiced in these countries, the ensuing coverage, assessment, tax, and collection ratios have in general been low.

Overall, although a poor tax administration in terms of coverage, valuation, collection and enforcement ratios accounts for the fact that property tax is not yet utilized optimally as an important own source of revenue for local governments in these countries, the lack of political will appears to be the main contributing factor. Consequently, these property tax systems could yield stable if not buoyant tax revenues if properly designed and administered in accordance with the circumstances of each country and in tandem by central and local governments that are champions or strong supporters of property taxation as a pillar of local government finance. Furthermore, although the success of property tax reforms in these countries would depend primarily on strong political will, there is also a role for development partners to play, particularly in supporting tax administration reform processes through capacity building in the areas of fiscal decentralization, governance, technical and management skills, training, computerization, collection and enforcement procedures.

If this paper reiterates what has been extensively discussed in the literature, namely that the success of property tax reforms depends heavily on sound tax policies, improved tax administration, strong political will and linkages between central and local governments, its main contributions are to focus on the specific challenges and issues facing francophone Africa and to explore specific avenues of strengthening property taxation as a source of national and municipal revenue.

Property tax might not be the panacea for the challenges associated with domestic resource mobilization in African countries, but it can certainly be a source of stable revenue at the sub-national level in Africa. To that end, two principal questions may be important to ask.

The first question is the following: since everything that is ideally necessary may not be achievable immediately, where should francophone countries

start with their property tax implementation strategies or property tax reforms and in what sequence should they proceed?

According to Bahl (2009), the point of departure for a good property tax reform is to do a survey of the existing property tax system and thoroughly identify successes and failures. Doing this exercise should help governments reemphasize the objectives they are trying to achieve through the property tax. Secondly, property tax reforms should aim first and foremost at developing a sound tax policy before attempting to improve tax administration. Thirdly, the "right choice" of the property tax base, whether capital value, rental value or size of the property, must be made in accordance with the circumstances of the country. In particular, the state of the property market and land tenure issues in a country, among other things, are necessary to determine the most appropriate valuation basis for property tax assessment. Fourth, it is crucial to carefully reassess property tax exemptions in the legislation, especially those that "erode the tax base substantially and introduce unfairness to the system" (Bahl 2009). Fifth, governments should carefully decide how to treat the poor in the property tax legislation without unnecessarily shrinking the tax base. Sixth, governments should focus on improving the basic pillars of property tax administration reform, i.e. the coverage, valuation, and collection ratios. Finally, governments should regularly monitor the property tax reform by establishing quantitative measurements of success.

With regard to the second question: given that perhaps the major problem in reforming the property tax in francophone Africa or in introducing the "real" property tax" in these countries appears to be a lack of political will and a poor tax compliance culture, the following important question maybe raised: how to effectively "sell" the property tax to the central government, to local governments, to officials that must run the system, and above all to the people, businesses and residents, that must pay it?

In that regard, the property tax could be made more attractive and politically acceptable if it was clearly tied to identifiable and tangible public goods and services received. By clearly presenting the property tax as a benefit charge or a user fee, government and taxpayers are aware that the property tax is simply the cost of purchasing public goods and services and specific jurisdiction amenities and, as such, each jurisdiction would simply buy the amount its constituents may desire. Property tax revenues would therefore be clearly earmarked to finance public infrastructure, public goods and service provision (such as education, police protection, primary healthcare facilities, quality roads, water, electricity, sewerage, waste collection, etc.) and activities (such as recreational activities, development and preservation of parks, open spaces, and greenways, and other similar amenities) that obviously benefit taxpayers.

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APPENDIX A

Table A1. Property tax legislation and role of the property tax as a revenue source in francophone Africa (1)

Country	Cameroon
Tax Base	Area (land and buildings). As of 2006, Capital value (land and buildings)
Coverage	Poor. Mainly covers property in urban areas, though some limited effort is being made to extend the coverage. Slightly over 1% of properties are registered. Tax rolls are not updated regularly. Only property in major towns is covered. Field visits are rare, making it difficult to identify new properties or improvements made to old ones. Property records are poorly kept and changes made on properties are not tracked. It is estimated that less than 1% of all land in Cameroon is registered as at February 2008. Extensive prevalence of traditional and customary land tenure systems limits the coverage ratio.
Tax Rate	As of 2006, 0.11%
Valuation Cycle/ Responsibility for Valuation	Annually. By central government. Appraisers rely on data provided by the property owner at the time of declaration. Mass valuation has been introduced recently in a few major towns.
Collection	Payment of the tax is done at the taxation office of the area where property is located. However, large companies pay their taxes exclusively by bank transfer directly into the national treasury.
Enforcement	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Penalties are rarely applied: high level of corruption in the property tax administration is hampering enforcement efforts, as taxpayers can easily bribe officials to avoid paying the penalties. Compliance level is low, below 50 %. There is no effective enforcement mechanism.
Importance/Role of Property Tax	The very small share of property tax revenue allocated to local government (10%) is generally used for the provision of municipal services such as water, sanitation, drainage, street lighting, and maintenance of cemeteries, parks and markets. In 2008, property tax represented 0.21% of the national revenue.

Source: Lincoln Institute of Land Policy (Cambridge, MA, USA) and African Tax Institute (University of Pretoria, South Africa): Property Tax Research Project on the African Continent.[19]

[19] See authors/research fellows in the Reference section. The research project on property-related taxes in countries in Africa undertaken by the Lincoln Institute of Land Policy and the African Tax Institute consists of a number of case studies which are presented as working papers on the web pages of the Lincoln Institute of Land Policy (see www.lincolninst.edu) and the African Tax Institute (www.ati.up.ac.za).

Table A2. Property tax legislation and role of the property tax as a revenue source in francophone Africa (2)

Country	Central African Republic	Chad
Tax Base	Developed property: Annual value or Rental value (buildings only) Undeveloped property (urban): Capital value (land only), 12% of market value less 40% Undeveloped property (outside urban): Area (land only)	Developed property: Annual value or Rental value (buildings only) Undeveloped property (urban): Annual value or Rental value (buildings only): 4/5 of the rental value which is based on 10% of market value. Undeveloped property (rural): Area (land only)
Coverage	Very poor. Only properties in and around Bangui are covered. Only completed buildings are covered in the case of the tax on developed property, while the undeveloped portion of the same plot of land is not taxed. Since 2007, increased levels of property registration.	Very poor. Only properties in and around N'Djamena are covered. No regular surveys or field visits are organized, making it difficult to identify new properties or improvements made to old ones. Tax rolls are not regularly updated. Lengthy and cumbersome land registration procedures. High turnover in the General Tax Department and lack of skilled staff. Lack of enforcement of land registration procedures. Lack of taxpayer' understanding of the usefulness of the tax.
Tax Rate	Developed property: 15% for taxpayers not liable to the company tax; 30% for taxpayers liable to the company tax Undeveloped property (urban): 27.5%. Undeveloped property (outside urban): between 500 CFAF and 2000 CFAF per hectare according to type of land use	Developed property: N'Djamena, 12%; other municipalities, 11% Undeveloped property (urban): N'Djamena, 21%; other municipalities, 20% Undeveloped property (rural): 50,000 CFAF par hectare
Valuation Cycle/ Responsibility for Valuation	Annually for developed properties. Biannually for undeveloped properties. Valuation is done by the General Tax and Land Tenure Department (Direction Générale des Impôts et des Domaines). There are no registered appraisers.	Developed property: Every three years. Undeveloped property: Every five years By officials of the General Tax Department
Collection	Part of the tax (5%) is paid directly to the taxation office by the tenant of the residential property.	Tax officials responsible for revenue collection make the necessary arrangements to notify taxpayers of their tax liability. Vicious cycle of taxpayer non-compliance feeds off poor and corrupt administration and results in inadequate service delivery
Enforcement	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. In 2007, with increased levels of property registration accompanied by stronger enforcement measures, the amount collected rose to $1,550,000, representing about 2.3 % of total tax revenue for the year.	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Tax officials and agents from mayor's offices usually go door-to door in different neighborhoods to enforce payment.
Importance/ Role of Property Tax	Property tax is used for the provision of municipal services: public lighting, water, public hygiene, municipal roads (mostly in Bangui) In 2007, property tax revenues represented about 2.3 % of national tax revenues. They consisted of 0.3% and 0.6 % of national tax revenues in 2005 and 2006 respectively.	Negligible. Property tax is used to finance infrastructure and current expenditures of municipalities.

Source: Lincoln Institute of Land Policy (Cambridge, MA, USA) and African Tax Institute (University of Pretoria, South Africa): Property Tax Research Project on the African Continent.

Table A3. Property tax legislation and role of the property tax as a revenue source in francophone Africa (3)

Country	Congo, Democratic Republic of	Comoros
Tax Base	Calibrated area system	Area (land and buildings separately)
Coverage	Very poor.	Very poor.
Tax Rate	Differential tax rates based on the type of property (developed or undeveloped) and location of the property.	Residential (houses): 5,000 F for area greater than or equal 2000 m^2 and 3,000 F for others; Residential (apartment building): 1,000 F/building; Commercial: 1% of fixed assets (with a minimum of 5,000 F) and 5,000 F for others; Undeveloped land: 5,000 F/1,000 m^2 and 2,000 F/ 1,000 m^2 for others
Valuation Cycle/ Responsibility for Valuation	Annually Self-assessment Tax officials rely on property information provided by property owners and principal tenants each year. Owners are required to declare any improvements on the property within a month after such improvements have been made.	Annually Self-assessment
Collection	The tax legislation also allows for a one-time payment of property tax liability.	The tax legislation also allows for a one-time payment of property tax liability.
Enforcement	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Weak enforcement	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law: 50% of the evaded amount (inaccuracy or misstatement). Weak enforcement
Importance/Role of Property Tax	Negligible	N/A

Source: Lincoln Institute of Land Policy (Cambridge, MA, USA) and African Tax Institute (University of Pretoria, South Africa): Property Tax Research Project on the African Continent.

Table A4. Property tax legislation and role of the property tax as a revenue source in francophone Africa (4)

Country	Côte d'Ivoire	Gabon
Tax Base	Developed property: Annual value or Rental value (land and buildings) Undeveloped property: Capital value (land only)	Developed property: Annual value or Rental value (buildings only) Undeveloped property (urban): Annual value or Rental value (buildings only) Undeveloped property (rural): Area (buildings only) Land tax: Area (land) Special real estate tax on rents: Annual value or Rental value (buildings only): gross income from rental. **In practice:** Area (land). All the above taxes have yet to be implemented.
Coverage	Poor, as it only covers properties in the major cities. Properties in rural areas are left out; only some form of land rent is charged in some rural areas. Tax rolls are not regularly updated to take account of urban expansion. Only fully completed buildings are subject to the tax on developed property. Extensive prevalence of traditional and customary land tenure systems limits the coverage ratio.	Very poor. Tax evasion is in general rampant among government officials and influential richer taxpayers. With high revenues from oil production, property tax reform is overlooked. Lack of enforcement of land registration procedures.
Tax Rate	Developed property: 4% for residential and 15% for commercial Undeveloped property: 1,5% of the market value	Developed property: 25% of 75% of the rental value Undeveloped property (urban): 25% of 80% of the rental value which is estimated at 10% of the market value. Undeveloped property (rural): between 150 and 600 CFAF per hectare based on the type of agricultural activities. Land tax: differential tax rates are applied to urban and rural. Special real estate tax on rents: 15% of the gross income from rentals. **In practice: the above tax structure has yet to be implemented. Area-based systems in place but rates were not obtained.**
Valuation Cycle/ Responsibility for Valuation	Annually. The potential rental value determined from the information furnished by the owner is mostly used. Mass valuation technique is used to determine the market value for unimproved properties. The potential rental value determined from the information furnished by the owner is mostly used.	Annually. By the official of the General Tax Department.

Table A4 cont'd

Collec-tion	Where the legal taxpayer cannot be reached the occupants or tenants of the property shall be required to deduct the tax from their rents and pay it directly into the treasury. Collection rate for the past three years stand at about 65%.	The tax legislation also allows for a one-time payment of property tax liability.
Enforce-force-ment	If the tax is not paid by the due date, a penalty of 25% is imposed. Credible enforcement mechanisms are not in place though compliance is above 50%. Forceful recovery is the norm, resulting in widespread corruption.	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Weak enforcement
Im-portance/ Role of Property Tax	According to the law, the totality of revenue from tax on income from property goes to the state, while the totality of the proceeds from real estate property tax goes to the sub-national governments: regions 17%, departments 28%, districts 6%, towns 6%, and communes 43%. Property tax is mainly used to provide public utilities within the council area, public sanitation and hygiene and to carry out other projects as directed by the state.	No data on property tax revenues, but total local taxes collected by the Commune of Libreville itself constituted on average around 19% of its total revenues during this period. In order words, refunds from the central government accounted for nearly two third of total revenues in the Commune of Libreville; implying heavy financial dependence on resources from the central government.

Source: Lincoln Institute of Land Policy (Cambridge, MA, USA) and African Tax Institute (University of Pretoria, South Africa): Property Tax Research Project on the African Continent.

Table A5. Property tax legislation and role of the property tax as a revenue source in francophone Africa (5)

Country	Madagascar
Tax Base	Area (land only): Categories 1 to 5 based on land use Capital value (land only): Category 6 Annual value or Rental value (buildings only)
Coverage	Very poor, explained by land titling issues, informal settlements and lengthy and cumbersome land registration procedures.
Tax Rate	Tax on land: Differential tax rates based on land use. For categories 1 to 5, tax rates are determined every 4 years by municipal councils. For category 6, tax rate is 1% of the market value Developed property: between 5 and 10% but may not be less than 2,000 Ariary per building[20].
Valuation Cycle/ Responsibility for Valuation	Categories 1 to 6: every four years based on municipal councils' discretion. Self-assessment; tax officials rely on property information provided by property owners. Owners are required to declare any improvements on the property before the beginning of next the taxable year.
Collection	Tax officials responsible for revenue collection make the necessary arrangements to notify taxpayers of their tax liability.
Enforcement	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. 100% penalty in case of repeated non-payment. Weak enforcement
Importance/Role of Property Tax	N/A

Source: Lincoln Institute of Land Policy (Cambridge, MA, USA) and African Tax Institute (University of Pretoria, South Africa): Property Tax Research Project on the African Continent.

[20] Currency in Madagascar: Madagascar ariary (MGA).

Table A6. Property tax legislation and role of the property tax as a revenue source in francophone Africa (6)

Country	Mauritania	Rwanda
Tax Base	Developed property: Annual value or Rental value (buildings only) Agricultural land: Area (land only)	Area (land only) Capital value (buildings only)
Coverage	Very poor.	Very poor.
Tax Rate	Developed property: between 3% and 10% depending on local councils' decisions Agricultural land: cannot exceed 100 UM[21] par hectare	Developed property: 0.1% to 0.2% of the property value Undeveloped property: differential tax rates per square meter based on the location of the land. Land used for mining: differential tax rates per square meter based on land use. Rates are determined by municipal councils.
Valuation Cycle/ Responsibility for Valuation	Annually By tax officials of each municipal council.	Annually Self-assessment; tax officials rely on property information provided by property owners.
Collection	Tax officials responsible for revenue collection make the necessary arrangements to notify taxpayers of their tax liability. Unfeasible to collect the tax in certain jurisdictions because of high levels of poverty. ***Tax on agricultural land is not collected.***	The tax legislation also allows for a one-time payment of property tax liability.
Enforcement	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Weak enforcement	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Local authorities may use "task force" for collection.
Importance/Role of Property Tax	Negligible The tax on agricultural land is not collected and tends to disappear.	Negligible

Source: Lincoln Institute of Land Policy (Cambridge, MA, USA) and African Tax Institute (University of Pretoria, South Africa): Property Tax Research Project on the African Continent.

[21] Mauritanian currency: Ouguiya Mauritanian.

Table A7. Property tax legislation and role of the property tax as a revenue source in francophone Africa (7)

Country	Senegal
Tax Base	Developed property: Annual value or Rental value (buildings only) Undeveloped property: Capital value (land only) Surtax on Unimproved or Insufficiently Improved Land: Capital value (land only)
Coverage	Very small coverage ratio. Approximately 40 major cities and 36 communes are currently covered in the fiscal cadastre, while coverage has not yet been extended to other smaller communes and rural properties. Exacerbated by political and religious leaders who tend to use their influence to exclude their properties from the fiscal cadastre. Measures are being put in place to build a broader, comprehensive fiscal cadastre.
Tax Rate	Developed property: 5% for all buildings except plants and factories; and at 7.5% for industrial plants and factories. Undeveloped property: 5% of the market value. Surtax on Unimproved or Insufficiently Improved Land: differential tax rates (between 1 and 3%) based on market value and location of the property.
Valuation Cycle/ Responsibility for Valuation	Annually. By the Office of Taxes and Domain in Senegal or "*Direction Générale des Impôts et Domaines*" or DGID. DGID's officials rely mainly on property information provided by property owners and principal tenants.
Collection	The tax legislation also allows for a one-time payment of property tax liability. In suburb areas, collection ratio is less than 10%. In 2003, the collection ratio was only about 44%; while in 2004, the collection ratio increased to 51%.
Enforcement	Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Sanctions and penalties are mostly imposed for non-compliance on paying tax on buildings, but not on unimproved property or insufficiently improved land. Weak enforcement
Importance/Role of Property Tax	Property taxes actually collected represented around 15% and 17% of total local taxes in 2003 and 2004 respectively.

Source: Lincoln Institute of Land Policy (Cambridge, MA, USA) and African Tax Institute (University of Pretoria, South Africa): Property Tax Research Project on the African Continent.