Mobilising Tax Revenue to Finance Development: The Case for Property Taxation in Francophone Africa

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Abstract

In the context of a widespread focus on decentralisation in Africa, there has been an imperative to find suitable ways to maximise potential own revenue sources at all sub-national government levels. This need in particular and the need for greater domestic resource mobilisation by African states in general have 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 mobilisation will go a long way toward providing African countries with the means to finance their development agenda without relying excessively on external assistance.

1 Introduction

In the context of a widespread focus on decentralisation in Africa, there has been an imperative to find suitable ways to maximise potential own revenue sources at all sub-national government levels. This need in particular and the need for greater domestic resource mobilisation by African states in general have 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 mobilisation 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 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 economic development and 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. 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.1 However, if property taxes are

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1 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 US (Bird and Slack 2002)
an important potential source of revenue, especially at 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.

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 decentralisation has recently regained impetus in these countries and has become an important political and economic initiative.

The remainder of this study is organised 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. In section four, we examine the property tax system of thirteen francophone countries by focusing on the main variables of the revenue mobilisation model with the aim to identify major issues and challenges facing these tax systems and recommend opportunities for improvements. Section five explores some avenues for aid to enhance property tax revenue mobilisation and 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 jewellery), 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 following systems (Franzsen 2008a):

- Value-based system where assessment is done on the basis of the value of the property. This 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.\(^2\)
    - 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.

\(^2\)Note that a land tax is a property tax imposed on the value or area of land only.
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 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 equipment in the determination of the traditional property tax base (Kelly 2000; Bird and Slack 2002). 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 legalisations are such that all land without a title that has not been registered as an individual private property belongs to the state. Thus, all land held under customary 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 recognise 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. 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).

In other countries in Francophone Africa (e.g. Senegal), rural councils are given by law the right to allocate land in rural areas according to customary practice, provided the land is efficiently exploited. In general, all lands in rural areas in these countries and held under customary rights are incorporated in the national domain and may not be sold; however rural councils are often given the right to allocate and exploit land in the most efficient manner (Bruce 1998; Monkam 2009a; 2009b).

Overall, current land legislations in Francophone Africa tend to encourage individual private tenure through a formal land regularisation procedure in urban areas but would often not legally recognise communally based management and exploitation of the land in rural areas even though customary ownership of land is still widespread. Hence, these legislations generally pose serious contradictions to and exacerbate the conflict between national land tenure laws and customary land tenure systems – which unfortunately are often exploited by wealthy or influential members of the society.

Furthermore, despite land tenure regularisation and land titling programs implemented in most countries in Francophone Africa, procedures for land registration are particularly lengthy and cumbersome. This explains the fact that land tenure informality and irregularity remain an important issue in these countries.

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 regularisation and land titling programs are somewhat better enforced (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 characterised by good-quality data on transactions, adequate transfer taxes not hampering declared values of properties, efficient tax administration and a great supply of qualified valuers. In general, countries around the world 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).

In effect, area-based systems (where assessment is done on the basis of the size of the property) and location based-systems are commonly reputed to be regressive, unfair, not directly linked to the ability-to-pay principle and characterised by a lack of buoyancy (indeed the size of the property would tend to remain relatively fixed over time) (Rao 2008).

On the other hand, value-based tax systems include capital value-based systems (land only, buildings only, land and buildings separately, land and buildings collectively) and annual or rental value-based systems. They are in general a relatively good proxy for the ability-to-pay principle and reflect the quality of public services; nevertheless, as aforementioned, they require extensive property-market data and a good deed registration system. They are also resource intensive and require skills, capacity, and maintenance (McCluskey et al. 2002).

In general, 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 (whether value-based or non-value-based).

In Francophone Africa in general, the property market remains mostly imperfect. Because land tenure regularisations 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 context, the implementation of a successful ad valorem property tax system might be greatly hindered. In general, 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 Mobilisation 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):

\[
\text{TaxRevenue} = \text{TaxBase} \times TR \times CVR \times VR \times CLR
\]

As indicated by the above revenue mobilisation 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 2002). 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 organisations, based on reciprocity or treaty agreements; religious, social, and educational properties (e.g. churches, schools, hospitals, and charity organisations); 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 in Figure 1.

Various tax rate levels and structures are found in countries around the world. First, tax rates can be set nationally or locally. 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 2002).

3.2 Property Tax Administration

Empirical evidence from francophone African countries indicates that, though improving property tax resource mobilisation certainly depends on sound tax policy, it nonetheless relies heavily on an improved tax administration. 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.

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. The goal would be to have a comprehensive coverage, i.e. a coverage ratio as close to 100 percent as possible. This 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 as possible to make sure that all properties are on the tax rolls, made consistent and accurate (Kelly 2000; Bird and Slack 2002).

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; in that system self-assessment is possible; 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 rental value-based system. This latter assessment methodology is in general a relatively good proxy for the ability-to-pay principle and reflects the quality of public services. However, it requires extensive property-market data and a good deed-registration system. It is also resource intensive and requires skills, capacity, and maintenance. This 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). In fact, although area-based property tax systems are considered to be regressive, unfair, not directly linked to the ability-to-pay principle and characterised by a lack of buoyancy, they have the advantage of being simple to administer and 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 underutilised (Bell and Connolly forthcoming).

The valuation 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). Note that in the case of an area-based system where the assessment is 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 percent as possible (Rao 2008; Bell and Connolly forthcoming).

3.2.3 Collection Ratio (CLR)

The collection ratio is defined as tax revenue collected, over total tax liability billed for that year. Property tax collection involves sending out tax bills, collecting current tax liabilities and tax arrears, and ensuring payment. A high collection ratio stems from political will and a strict implementation of incentives, sanctions, and penalties (Kelly 2000; Bird and Slack 2002). Other important factors

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5 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 valuers’ mistakes or outdated valuation rolls (Kelly 2000).
which would impact collection ratios are, on the one hand, citizen participation in decision-making processes, which would give citizens a voice in how their taxes should be spent and, on the other hand, local governments’ credibility and downward accountability to local people, as well as adequate provision of public goods (Bahl 1999; Alm 2000).

The next section analyses the property tax system of thirteen francophone countries by examining the main variables of the above-mentioned revenue mobilisation 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, Madagascar, Mali, Mauritania, Rwanda, and Senegal. Table 1 provides basic information regarding these countries.

The Tables 2 to 9 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.

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 fanciers”) (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 fanciers”) 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.

The preliminary conclusion drawn from the individual country reports on property tax legislation and practices in Francophone Africa and summarised 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 9 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.

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 Mobilisation – Issues, Constraints, Policy Reforms and Avenues for Aid

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 six major functions of a property tax system are related to four fundamental ratios: 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 utilised 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 synchronised with broader fiscal decentralisation efforts.

5.1 Fiscal Decentralisation

5.1.1 Issues and Constraints

In several francophone countries, we generally observe a lack of political will and bureaucratic support that have resulted in delaying a comprehensive implementation of the fiscal decentralisation 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. 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. Whereas with greater revenue autonomy, sub-national governments in Francophone Africa would become more accountable to their taxpayers and have stronger incentives to enhance revenue mobilisation to provide, more readily and efficiently, improved levels of public services and appropriate infrastructure tailored to their constituents’ preferences.

5.1.2 Avenues for Aid

Development partners may assist francophone countries in designing and implementing their fiscal decentralisation processes in many ways: (a) support in and revision of policy design and development of white papers providing a framework for fiscal decentralisation; support in and revision of decentralisation 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 decentralisation, 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 maximise revenue mobilisation through an efficient tax system in order to provide quality services and promote economic development.

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7 The six major functions are: tax base identification, tax base valuation, tax assessment, tax collection, tax enforcement, and dispute resolution and taxpayer service (Kelly 2000).
5.2 Coverage Ratio/Property Identification

5.2.1 Issues and Constraints

Property tax systems throughout Francophone Africa are also characterised 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 urbanisation, lengthy, cumbersome and unenforced procedures for individual land registration, which have resulted in a significant illegal occupation of land in these countries (informal settlements) and a negligible registration of deeds or titles (imperfect property market).

- 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), and 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 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.8

5.2.2 Avenues for Aid

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 computerisation 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. Such systems would expand the coverage and valuation ratios and 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 Senegal in the upcoming years; (e) help modernise 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

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8See also country reports from surveyed francophone African countries in the Reference section.
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).

In most of these countries, due for the most part to a lack of trained and skilled valuers (in-house, government and private valuers) 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 for Aid

Once again, donor agencies could provide development assistance in the form of capacity building in the area of valuation to increase the numbers of skilled registered valuers, development of training facilities or related academic programs at universities, and 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:

- 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 standardised 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)9

5.4.2 Avenues for Aid

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 and tend to use their influence to evade property tax, would be to convert the property tax into a benefit tax. As such, property tax

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9 See also country reports from surveyed francophone African countries in the Reference section.
revenues would be earmarked to finance public infrastructure, service provision, and activities that actually benefit property owners (i.e. mostly political and prominent taxpayers in Francophone Africa).

Additionally, if property rights are systematically used as a means to access credit, this will not only improve land tenure systems and property markets in Francophone Africa, but will also increase property tax compliance and collection.

It is also important to note that improving elected local officials’ accountability to their constituents will improve taxpayers’ compliance as empowered citizens are able to observe how public officials carry out their responsibilities and have a perfect knowledge of who they can hold accountable for the poor quality of local service delivery in their jurisdiction, and as a result, citizens’ tax ethics will increase, a tax compliance culture will evolve, and revenue mobilisation should be enhanced in the society as a whole (Bahl 1999). Empowering (local) populations could be done 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 go a long way toward achieving this objective and donors could assist in establishing such institutions in francophone African countries.

6 Conclusions

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 provide, more readily and efficiently, improved levels of public services and appropriate infrastructure, tailored to taxpayers’ preferences. By the same token, this would promote economic development and 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, a poor tax administration in terms of coverage, valuation, collection and enforcement ratios accounts for the fact that property tax is not yet utilised optimally as an important own source of revenue for local governments in these countries. Consequently, these property tax systems could yield stable if not buoyant tax revenues if properly designed and administered in tandem by central and local governments. 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 decentralisation, governance, technical and management skills, training, computerisation, 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 contribution is to explore the role of aid in 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 mobilisation in African countries, but it can certainly be a source of stable revenue at the sub-national level in Africa. This is especially so if property tax is converted into a benefit tax. As such, property tax revenues would be essentially earmarked to finance public infrastructure, service provision, and activities that actually benefit property owners. Additionally, property rights systematically used as a means to access credit would not only improve land tenure systems and property markets in
Francophone Africa, but will also increase property tax revenue.

References


Table 1: Basic Information regarding some francophone countries

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<td>Burkina Faso</td>
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<td>Yaoundé</td>
<td>18,879,301</td>
<td>$2,300</td>
<td>1 January 1960 (from French-administered UN trusteeship)</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>622,984</td>
<td>Bangui</td>
<td>4,511,488</td>
<td>$700</td>
<td>13 August 1960 (from France)</td>
</tr>
<tr>
<td>Chad</td>
<td>1,284,000</td>
<td>N'Djamena</td>
<td>10,329,208</td>
<td>$1,600</td>
<td>11 August 1960 (from France)</td>
</tr>
<tr>
<td>Congo, Democratic Republic of</td>
<td>2,344,858</td>
<td>Kinshasa</td>
<td>68,692,542</td>
<td>$300</td>
<td>30 June 1960 (from Belgium)</td>
</tr>
<tr>
<td>Comoros</td>
<td>2,235</td>
<td>Moroni</td>
<td>752,438</td>
<td>$1,000</td>
<td>6 July 1975 (from France)</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>322,463</td>
<td>Yamoussoukro</td>
<td>20,617,068</td>
<td>$1,700</td>
<td>7 August 1960 (from France)</td>
</tr>
<tr>
<td>Gabon</td>
<td>267,667</td>
<td>Libreville</td>
<td>1,514,993</td>
<td>$14,200</td>
<td>17 August 1960 (from France)</td>
</tr>
<tr>
<td>Madagascar</td>
<td>587,041</td>
<td>Antananarivo</td>
<td>20,653,556</td>
<td>$1,000</td>
<td>26 June 1960 (from France)</td>
</tr>
<tr>
<td>Mali</td>
<td>1,240,192</td>
<td>Bamako</td>
<td>12,666,987</td>
<td>$1,100</td>
<td>22 September 1960 (from France)</td>
</tr>
<tr>
<td>Mauritania</td>
<td>1,030,700</td>
<td>Nouakchott</td>
<td>3,129,486</td>
<td>$2,100</td>
<td>28 November 1960 (from France)</td>
</tr>
<tr>
<td>Rwanda</td>
<td>26,338</td>
<td>Kigali</td>
<td>10,473,282</td>
<td>$900</td>
<td>1 July 1962 (from Belgium-administered UN trusteeship)</td>
</tr>
<tr>
<td>Senegal</td>
<td>196,722</td>
<td>Dakar</td>
<td>13,711,597</td>
<td>$1,600</td>
<td>20 August 1960 (from France)</td>
</tr>
</tbody>
</table>

Source: The World Factbook 2009 – CIA.

¹ Senegal Independence: 4 April 1960 (from France); complete independence achieved upon dissolution of federation with Mali on 20 August 1960 (World Factbook 2009 – CIA).
### Table 2: Property tax legislation and role of the property tax as a revenue source in Francophone Africa (1)

<table>
<thead>
<tr>
<th>Country</th>
<th>Cameroon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage</td>
<td>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.</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>As of 2006, 0.11%</td>
</tr>
<tr>
<td>Valuation Cycle/Responsibility for Valuation</td>
<td>Annually. By central government. Valuers rely on data provided by the property owner at the time of declaration. Mass valuation has been introduced recently in a few major towns.</td>
</tr>
<tr>
<td>Collection</td>
<td>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.</td>
</tr>
<tr>
<td>Enforcement</td>
<td>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.</td>
</tr>
<tr>
<td>Importance/Role of Property Tax</td>
<td>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.</td>
</tr>
</tbody>
</table>

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.²

² 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 3: Property tax legislation and role of the property tax as a revenue source in Francophone Africa (2)

<table>
<thead>
<tr>
<th>Country</th>
<th>Central African Republic</th>
<th>Chad</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax Base</strong></td>
<td>Developed property: Annual value or Rental value (buildings only)</td>
<td>Developed property: Annual value or Rental value (buildings only)</td>
</tr>
<tr>
<td></td>
<td>Undeveloped property (urban): Capital value (land only), 12% of market value less 40%</td>
<td>Undeveloped property (urban): Annual value or Rental value (buildings only): 4/5 of the rental value which is based on 10% of market value.</td>
</tr>
<tr>
<td></td>
<td>Undeveloped property (outside urban): Area (land only)</td>
<td>Undeveloped property (rural): Area (land only)</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>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.</td>
<td>Very poor. Only properties in and around N’Djamena are covered. No regular surveys or field visits are organised, 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.</td>
</tr>
<tr>
<td><strong>Tax Rate</strong></td>
<td>Developed property: 15% for taxpayers not liable to the company tax; 30% for taxpayers liable to the company tax</td>
<td>Developed property: N’Djamena, 12%; other municipalities, 11%</td>
</tr>
<tr>
<td></td>
<td>Undeveloped property (urban): 27.5%.</td>
<td>Undeveloped property (urban): N’Djamena, 21%; other municipalities, 20%</td>
</tr>
<tr>
<td></td>
<td>Undeveloped property (outside urban): between 500 CFAF and 2000 CFAF per hectare according to type of land use</td>
<td>Undeveloped property (rural): 50,000 CFAF per hectare</td>
</tr>
<tr>
<td><strong>Valuation Cycle/Responsibility for Valuation</strong></td>
<td>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 valuers.</td>
<td>Developed property: Every three years. Undeveloped property: Every five years By officials of the General Tax Department</td>
</tr>
<tr>
<td><strong>Collection</strong></td>
<td>Part of the tax (5%) is paid directly to the taxation office by the tenant of the residential property.</td>
<td>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</td>
</tr>
<tr>
<td><strong>Enforcement</strong></td>
<td>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.</td>
<td>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 neighbourhoods to enforce payment.</td>
</tr>
<tr>
<td><strong>Importance/Role of Property Tax</strong></td>
<td>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.</td>
<td>Negligible. Property tax is used to finance infrastructure and current expenditures of municipalities.</td>
</tr>
</tbody>
</table>

### Table 4: Property tax legislation and role of the property tax as a revenue source in Francophone Africa (3)

<table>
<thead>
<tr>
<th>Country</th>
<th>Congo, Democratic Republic of</th>
<th>Comoros</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax Base</strong></td>
<td>Calibrated area system</td>
<td>Area (land and buildings separately)</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>Very poor.</td>
<td>Very poor.</td>
</tr>
<tr>
<td><strong>Tax Rate</strong></td>
<td>Differential tax rates based on the type off property (developed or undeveloped) and location of the property.</td>
<td>Residential (houses): 5,000 F for area greater than or equal 2000 m² 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 m² and 2,000 F/1,000 m² for others</td>
</tr>
<tr>
<td><strong>Valuation Cycle/Responsibility for Valuation</strong></td>
<td>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.</td>
<td>Annually Self-assessment</td>
</tr>
<tr>
<td><strong>Collection</strong></td>
<td>The tax legislation also allows for a one-time payment of property tax liability.</td>
<td>The tax legislation also allows for a one-time payment of property tax liability.</td>
</tr>
<tr>
<td><strong>Enforcement</strong></td>
<td>Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Weak enforcement</td>
<td>Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law: 50% of the evaded amount (inaccuracy or misstatement). Weak enforcement</td>
</tr>
<tr>
<td><strong>Importance/Role of Property Tax</strong></td>
<td>Negligible</td>
<td>N/A</td>
</tr>
</tbody>
</table>


### Table 5: Property tax legislation and role of the property tax as a revenue source in Francophone Africa (4)

<table>
<thead>
<tr>
<th>Country</th>
<th>Côte d’Ivoire</th>
<th>Gabon</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax Base</strong></td>
<td>Developed property: Annual value or Rental value (land and buildings) Undeveloped property: Capital value (land only)</td>
<td>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. <strong>In practice:</strong> Area (land). All the above taxes have yet to be implemented.</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
| 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 percent 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. |
| Collection | 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. |
| Enforcement | 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 |
| Importance/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 percent 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. |

Table 6: Property tax legislation and role of the property tax as a revenue source in Francophone Africa (5)

<table>
<thead>
<tr>
<th>Country</th>
<th>Madagascar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax Base</strong></td>
<td>Area (land only): Categories 1 to 5 based on land use</td>
</tr>
<tr>
<td></td>
<td>Capital value (land only): Category 6</td>
</tr>
<tr>
<td></td>
<td>Annual value or Rental value (buildings only)</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>Very poor, explained by land titling issues, informal settlements and lengthy and cumbersome land registration procedures.</td>
</tr>
<tr>
<td><strong>Tax Rate</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Valuation Cycle/Responsibility for Valuation</strong></td>
<td>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 the next taxable year.</td>
</tr>
<tr>
<td><strong>Collection</strong></td>
<td>Tax officials responsible for revenue collection make the necessary arrangements to notify taxpayers of their tax liability.</td>
</tr>
<tr>
<td><strong>Enforcement</strong></td>
<td>Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. 100% penalty in case of repeated non-payment. Weak enforcement</td>
</tr>
<tr>
<td><strong>Importance/Role of Property Tax</strong></td>
<td>N/A</td>
</tr>
</tbody>
</table>


Table 7: Property tax legislation and role of the property tax as a revenue source in Francophone Africa (6)

<table>
<thead>
<tr>
<th>Country</th>
<th>Mauritania</th>
<th>Rwanda</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax Base</strong></td>
<td>Developed property: Annual value or Rental value (buildings only)</td>
<td>Area (land only)</td>
</tr>
<tr>
<td></td>
<td>Agricultural land: Area (land only)</td>
<td>Capital value (buildings only)</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>Very poor.</td>
<td>Very poor.</td>
</tr>
<tr>
<td><strong>Tax Rate</strong></td>
<td>Developed property: between 3% and 10% depending on local councils’ decisions. Agricultural land: cannot exceed 100 UM(^4) par hectare</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Valuation Cycle/Responsibility for Valuation</strong></td>
<td>Annually By tax officials of each municipal council.</td>
<td>Annually Self-assessment; tax officials rely on property information provided by property owners.</td>
</tr>
<tr>
<td><strong>Collection</strong></td>
<td>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. <em>Tax on agricultural land is not collected.</em></td>
<td>The tax legislation also allows for a one-time payment of property tax liability.</td>
</tr>
<tr>
<td><strong>Enforcement</strong></td>
<td>Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Weak enforcement</td>
<td>Penalties and sanctions (interest on arrears, seizure, and auction) are prescribed by law. Local authorities may use “task force” for collection.</td>
</tr>
</tbody>
</table>

---

3 Currency in Madagascar: Madagascar ariary (MGA)
4 Mauritanian currency: Ouguiya Mauritanian
Importance/Role of Property Tax | Negligible | Negligible
---|---|---
The tax on agricultural land is not collected and tends to disappear.


Table 8: Property tax legislation and role of the property tax as a revenue source in Francophone Africa (7)

<table>
<thead>
<tr>
<th>Country</th>
<th>Senegal</th>
</tr>
</thead>
</table>
| **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 percent; while in 2004, the collection ratio increased to 51 percent. |
| **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. |

<table>
<thead>
<tr>
<th>Country</th>
<th>Land value (site value)</th>
<th>Land &amp; Buildings (as separate objects)</th>
<th>Land &amp; Buildings Improvements only</th>
<th>Rental/Annual Value</th>
<th>Area Value</th>
<th>Calibrated Area Value</th>
<th>Tax Rate(s)</th>
<th>Sources of Revenue for Local Govt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Area/Various Value/0.11%</td>
<td></td>
<td></td>
<td>15-30%; 27.5%</td>
<td>Negligible</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>11-12%; 20-21%</td>
<td></td>
<td></td>
<td>Negligible</td>
<td></td>
</tr>
<tr>
<td>Chad</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Area/Various</td>
<td></td>
<td></td>
<td>4-15%; 1.5%</td>
<td>Moderate</td>
</tr>
<tr>
<td>Congo, Democratic Republic of</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>N/A</td>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Comoros</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Value/3-10%;</td>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Value/0.1-0.2%</td>
<td></td>
<td></td>
<td>Negligible</td>
<td></td>
</tr>
<tr>
<td>Gabon</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Rental value/5-7.5%;</td>
<td></td>
<td></td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>Madagascar</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Rental value/5-7.5%</td>
<td></td>
<td></td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>Mauritania</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Value/0.1-0.2%</td>
<td></td>
<td></td>
<td>Negligible</td>
<td></td>
</tr>
<tr>
<td>Rwanda</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Value/0.1-0.2%</td>
<td></td>
<td></td>
<td>Negligible</td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Rental value/5-7.5%</td>
<td></td>
<td></td>
<td>Moderate</td>
<td></td>
</tr>
</tbody>
</table>


Notes:
1. The property tax bases and the tax rates are provided for in the legislation in francophone countries.
2. 15 percent (individuals) and 30 percent (corporations) on annual rental value (developed property) and 27.5 percent on land value (undeveloped property). Area tax rates (in rural areas) between 500 CFAF and 2000 CFAF per hectare according to the type of land use.
3. 11-12 percent on annual rental value (developed property), 20-21 percent on 4/5 of the rental value which is based on 10 percent 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 percent (residential) and 15 percent (commercial) on annual rental value (developed property) and 1.5 percent 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 percent of annual value (developed property). Area tax rates (agricultural land): cannot exceed 100 UM per hectare.
8. Between 0.1 and 0.2 percent of property value (developed property). Area tax rates (undeveloped property): various and determined by municipal councils.
9. 5 percent (buildings) and 7.5 percent (industrial plants) on annual rental value (developed property), 5 percent of the market value of land only (undeveloped property), and between 1 percent and 3 percent of the market value of land only (insufficiently improved land).