An Assessment of the Effectiveness of Land Use Charge Administration in Improving Revenue Generation in Kaduna Metropolis

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Abstract: Property tax is one of the major sources of revenue in many countries around the world, and Kaduna state is not an exception. The Kaduna Geographic Information System (KADGIS) bill was enacted into law in 2015, effectively ending property rate collection by L.G Councils. The Kaduna State Tax (Codification and Consolidation) Law No. 8 was enacted in 2020, with the objective of replacing the Tax Codification Law No.16 of 2016 with a review of rates, levies, and taxes in the state. These steps taken by the state government was necessary to boost the IGR of the state. The purpose of this research is to assess the efficiency of Land Use Charge administration over property rating and taxation in improving Kaduna state's revenue base by determining the methods/approaches used in the assessment of properties for Land Use Charge levy in the study area, as well as the contribution of Land Use Charge to revenue generation in Kaduna state. The study took a qualitative method. The study relied on both primary and secondary data. Data were gathered from the heads of rating units of the Chikun, Kaduna North, Kaduna South, and Igabi LGA councils, as well as Property Assessors from the Kaduna State Geographic Information Service (KADGIS). Kaduna State Bureau of Statistics (KBS), Kaduna State Tax (Codification and Consolidation) Law, 2020, and Kaduna State Internal Revenue Service (KADIRS) provided secondary data. The findings show that property assessment and collection in Kaduna metropolitan were uneven during the property rating administration period, as opposed to land use charge administration, which was more constant. The report indicates that inconsistencies in the rating system fostered unethical behaviors, poor compliance, property owners' lack of trust in the process, and impersonation (fake revenue workers). And a lack of effective institutions to limit the activity of rating/revenue workers while also enforcing ratepayer payment. According to the report, the state government should work with KADGIS to ensure that all real properties located within the metropolitan area are captured and included in the Land Use Charge (LUC) levy database. Property assessors should use an acceptable valuation technique that makes use of information technology (IT) systems, and the government should work to improve infrastructure provision.

Keywords: Kaduna North, Land use change, Property rating, Revenue generation, Tax

INTRODUCTION

Valuers are frequently required, particularly by the government, in establishing the amount of tax to be paid by real estate owners/occupiers. Tax policy must be efficient and enforced for the government to have a sustainable economy. Property taxes, primarily real estate taxes, are levied in the majority of countries around the world as part of a balanced taxation system (IAAO, 2010). According to Land Administration Guidelines (1996), every property tax system should have clearly defined social objectives, generate significant revenue, be solely under the control of the government authority, and be operated in a way that the people see and see as fair. Furthermore, the land administration recommendations underlined that such a tax should be reasonably straightforward and inexpensive to collect; be established in such a way that people do not dodge payments; distribute the tax burden evenly across the area; and encourage resource conservation.

According to Land Administration Guidelines (1996), properties contribute 50%-75% of a country's national wealth. The percentage shift reflects the state or nation's level of development and economic makeup. The object of property taxation varies by country and can be described as the land alone, the buildings alone, or the land and structures together. Furthermore, the tax liability may fall on the property owner or the occupant; the buyer or the seller (Munro, 2000).

Property tax is a worldwide phenomena that exists not just in emerging and transitional countries, but also in many industrialized countries such as Australia, Ireland, New Zealand, and the United Kingdom (McCluskey and Franzsen, 2016). According to Ali,

Fjeldstad, and Katera (2017), income or revenue from property tax in developing countries is limited and negligible in compared to rich nations. Property tax collection accounts for over 2% of the Gross Domestic Product (GDP) in industrialized countries such as the United States of America, Australia, Canada, and the majority of Western European countries.

Developing countries, on the other hand, contribute less than 1% of GDP, and African countries contribute less than 0.5% of GDP through property taxes. According to Bolarinwa, Owen, and Goodfellow (2018), property tax (tenement rate) is a source of internally produced revenue for local governments in Nigeria, as stated in Schedule 4 of the Nigerian 1999 constitution. Nonetheless, compliance with the property tax levy is lower than what is projected based on the potential number of property/hereditament available for assessment. The present day Kaduna state government has introduced the Land Use Charge (LUC) in place of the Property rating, under the Kaduna State Tax Codification and Consolidation Law, 2016, which was repealed and re-enacted in 2020. The Land Use Charge is to affect hereditaments within the urban centres, hence restricted only to the metropolitan city and other areas designated as urban centres within Kaduna state.

According to Harvey (2000), Land Use Charge is a type of property tax, usually levied ad valorem (according to value) and the bases of assessment may be net annual value (NAV), capital value or site value. The significance of formulating the Land Use Charge is to create an effective collection and administration of property-related taxes (Oladele, 2022). The Lagos state Government is the first in Nigeria to enact the Land use charge law (Lagos state Land use charge law, No 11 of 2001). The fundamental purpose of the law, as proposed repeatedly by the Lagos state administration, is to create more cash in order to develop the state, which is faced with an ever-increasing population without equivalent increases and improvements in physical and social infrastructure (Oserogho, 2002). According to Affe (2008), the goal was also to create a model that is fair to the people and allows the government to fulfill its responsibility of providing citizens with meaningful lives. For many years, the Lagos state government managed the Land Use Charge system; however, Anambra state joined in 2010, Edo state in 2012, Enugu state in 2016, and Ogun state in 2012 (Onwuanyi, 2019).

Land Use Charge is one of the property taxes now applicable in Kaduna state under the Kaduna State Tax (Codification and Consolidation) Law, 2020. This law was enacted on the 21st January 2020. Subject to the provision of the law, the land-based charge was to be called "Land Use Charge" which shall be payable on all real property in the metropolis by the owner. In an economic and political setting such as Kaduna state where the population exceeds six (6) million people with a population growth rate of 2.47% (National Bureau of Statistics, 2020) a low human development index of 0.514% (United Nations Development Programme, 2019) an acute deficit of basic social amenities and rising insecurity, the need for a healthy tax system can never be over emphasized. Hence, having regards to the land administration guidelines that stressed that such tax should be relatively simple and cheap to collect coupled with the assertion of Oladele (2022) that the significance of formulating the Land Use Charge is to create an effective collection and administration of property related- taxes. This work, seeks to examine the effectiveness of Land Use Charge administration over the initial property rate administration operational in contributing to the revenue generation of the state.

The Kaduna State Government, in its quest to improve the revenue generation of the state carried out property tax reforms. Prior to the Land Use Charge; was the property rating and taxation system which generated revenue through the local government authorities. The state government in its reforms abolished the property rating and taxation system and introduced the Land Use Charge administration system which is a consolidation of all real property related taxes. The assessment and collection of the Land Use Charge levy is now carried out by the Kaduna State Geographic Information System (KADGIS), a body introduced as one of the results of the reform. What necessitated this research work is to find out amongst others the effectiveness of the Land Use Charge administration system over property rating and taxation in improving the revenue base of the state.

The aim of the research is to assess the effectiveness of Land Use Charge over

property rating in improving the revenue base in Kaduna metropolis by comparing the methods/ approaches adopted in the assessment of properties for Land Use Charge levy and the previous method in property rating in the study area and to compare the contribution of Land Use Charge and that of property rating to the revenue generation in Kaduna state. approach in property rating in the research region, and to compare the contributions of Land Use Charge and property rating to income generation in Kaduna state. The study work is critical to the Kaduna State Government's efforts to increase revenue through proper Land Use Charge administration. Geographically, the study encompasses the Kaduna metropolitan, which includes the local government areas of Chikun, Kaduna South, Kaduna North, and Igabi. The study is restricted to assessing the effectiveness of Land Use Charge over property rating administration. The study is also restricted to the last three years of the property rating administration; 2014, 2015 and 2016 and also the last three years of the ongoing Land Use Charge administration; 2020, 2021 and 2022.

METHODS

A qualitative research approach was adopted for the study. Unstructured interview was conducted with the Property Assessor of the Kaduna Geographic Information Service (KADGIS) and the heads of rating unit of Chikun, Kaduna North, Kaduna South and Igabi LGA Councils.

The respondents were selected based on a purposive sampling technique. The data collected were analyzed using descriptive statistics.

Evolution of Property Tax in Nigeria

Prior to the arrival of colonialism in Nigeria, communal development was customarily accomplished by an unwritten, time-honored labor levy known as the "sweat tax." Property tax in its contemporary statutory form was imposed with the onset of colonialism. In Nigeria, the original Assessment Ordinance Cap. 15, Laws of Lagos and the Federal Republic of Nigeria was adopted in May 1915, and it was amended in 1932 to provide for rating of unimproved land. The Federal Government of Nigeria and the Lagos Assessment Ordinance Cap.15 of 1958 were responsible for further revisions. With the formation of 12 states, rating laws became a state matter, but rating exercises frequently failed because the rates collected were lower than the expense of collection. The Mohammed/Obasanjo military government implemented a Local Government Reform in 1976 to empower Local Councils. In all municipal councils, rateable value was set at 75% of appraised rental value of rateable properties. Civil rule was established in 1999. Enactments were made to replace military terminology of earlier rating laws with civilian phrases. Legislation was passed to replace military nomenclature in previous grading laws with civilian terms. Prior to the Land Use Charge, the rental value of properties was widely used as the basis for imposing property taxation in Nigeria. In Lagos state, it was calculated by deducting 25% of the gross annual rent of the property at the time of assessment (Asabor, 2012).

Overview of property tax

Property tax, according to the Food and Agricultural Organization (FAO, 2002), is a yearly or annual tax on real property. It is usually a local tax, but not necessarily. It is typically founded on the concept of market value. The tax base could be land, land and building, or a combination of these elements. According to Collier, Glaeser, Venebles, Manwaring, and Blake (2018b), wealth generated by new land and buildings, as well as the rising value of land and properties, drives urban expansion and development. This development boosts revenue growth and property tax payments. This is paid directly by taxpayers in one large sum each year, rather than in installments. Property taxes are assessed based on asset value, whereas other taxes are assessed based on cash flows. Youngman (2016) asserted that it is one of the viable options available for financing development projects and programmes at Local Government level.

Other land-based taxes existed previous to the introduction of the land use fee. According to Jackson (2009), land-based fees and taxes fall into three categories: property taxes, so-called "value capture" approaches such as tax increment financing and special assessments, which focus on taxing some of the new land value created by transportation infrastructure improvements, and land-use-based fees, which are based on the traffic generated by each parcel of land. According to Ogbuefi (2004),

common property-based taxes in Nigeria include capital transfer taxes, capital gains tax, inheritance and gift taxes and withholding taxes, property rating, development tax, land use charge, improvement tax, and planning chargesOyedele (2017) also mentioned the land-based taxes that are prevalent in Nigeria (taking into account the avoidance of multiple-taxation), which include the: Land Rates (Ground Rents), Land Value Tax, Road Tax, Neighbourhood Improvement Levy, Tenement Rate, Split Rate Property Tax, Community Security Levy (or community policing charge), Development Levy, Waste Management Charge, and Environmental Pollution Charge (Environmental wastes charges are charged through .Withholding Tax (charged on property transactions, either sale or rent in other to legalize receipt of payment or contractual agreement), Value Added Tax (charged on property transactions, either sale or rent because land-based or property transactions are business deal that are VAT able), Building Plan Approval Charge (payable to the Ministry of Land and Physical Planning), Estate Development Charge, Inheritance Tax/Capital Transfer Tax, Capital Gain Tax.

Land Use Charge is the consolidation of some (not all) property and land-based rents, rates, taxes and charges payable under various land-based and property laws such as Land Rates Laws (Land Use Act 1978, Chapter L5, Laws of the Federation of Nigeria 2004, Part II, Section 10 (a) and (b) and Osun State Land Law, Sections 13 and 14, Chapter 150), the Neighbourhood Improvement Charge Law (Osun State Land Law, Section 15, Chapter 150)

The Lagos state Land Use Charge (LUC) is a consolidation of all property and land based rates and charges payable under land rates, Neighborhood improvement charge and tenement rate law of Lagos state. The Land Use Charge is an annual charge rate expressed as a percentage of the assessed market value of the property and empowers the state government to differenciate between owner-occupied property and other property, as well as residential property and commercial or revenue generating property. (Land Use Charge Law of Lagos State, 2018). The Kaduna State Tax (Codification and Consolidation) Law, No. 8 of 2020 stipulated that Land Use Charge includes all land use charges, tenement and other rates (other than ground rent, penal rent and premium fees) payable on buildings and structures in the state. Ayodele (2017) assured that Land Use Charge is a global best practice in property taxation in which some of the land-based and property taxes, charges and rates like ground rent, neighbourhood improvement levy, tenement rate etc are consolidated, billed and collected as a one-off charge for ease of payment by property owners. He further stressed that it will be cheaper and easier to charge some related and annual property and land-based rents, rates and levies together and shared between the concerned stakeholders (state and local governments). Agwubike (2018) admitted that Land Use Charge as a form of land-based tax which applies to land in use. In other words, it applies to only land or property in beneficial use (beneficial ownership or occupation). It is a tax directed at annual value and not at capital value of property since it is charged annually. Ogunba (2013) mentioned that the Land Use Charge is peculiar to Lagos State, the aim of the tax is to merge three existing land use charges previously available to the Lagos State and local governments, they are; Land rates law of 1984 which covered ground rent, premium and other incidental charges, the neighborhood improvement charge and the tenement rate. Alao (2018), described Land Use Charge as a novel imposition on the owner of a property for the use and enjoyment of the property with the primary aim of improving the internally generated revenue of the state.

On the other hand, Uzoigwe and Emoh (2012), define Property rate as a non-personal tax levied by the Local Government upon tenement in its area of jurisdiction. Ogunba (2013), is of the view that Property rate is a form of local taxation that people pay for the services provided by the local government councils. Onwuanyi (2019) has this to say, both Property rate and Land Use Charge are taxes levied upon landed property. The property rate is entirely locally domiciled within the urban council of the area in which the taxed property is located while the Land Use Charge is designed, administered, levied and collected by the state purportedly on behalf of the various urban councils. He further reported that there are indeed differences between the two taxes; the property rate is theory- based whereas that of the Land Use Charge is not. While land and the improvements made to it are the common bases of valuation for both levies, the assessment

method of the property rate differs in being the potential value whereas the Land Use Charge was the capital value.

Principles Guiding Property Assessment and Methods of Assessment

There are laws and statutes that should guide the Estate Surveyor's work in order to accomplish adequate and accurate property tax. According to Alberta Urban Municipalities (2012), all operations in property assessment should be guided by objectivity, equity, and uniformity, as acknowledged by Dale and McLaughlin (1999). According to Oyegbile (1996), the conditions that must be met for a property to be taxed are: actual occupation, benefit occupation, exclusive occupation, and permanent occupation. Oni (2009) cited section 5 (1) of the Lagos state Land Use Charge law of 2018, the law provides the formula for determining the annual amount payable as Land Use Charge to be;

LUC = M x {(LA x LV) + (BA x BV x PCR)} (1)

Where,

LUC = annual amount of land use charge in Naira

M = the annual charge rate expressed as a percentage of the assessed value of the property.

LA = the area of the land parcel in square metres .

LV = the average value of a land parcel in the neighborhood, per square metres in Naira.

BA =the total developed floor area of building on the plot of land in square metres, or the total area of apartment unit in a building where apartment has a separate ownership title.

BV =the average value of medium quality buildings in the neighborhood, per square metre in Naira.

PRC =the property code rate for the building which accounts for the building being higher or lower value than the average building in the neighborhood and which also accounts for the degree completion of construction of the building.

(LA x LV)+ (BA x BV x PCR) = the assessed value of the property (2)

Oni and Ajayi (2011) alerted that the Lagos Land Use Charge assessment formula is not appropriate and that the high tax penalties may discourage investment in housing and maintenance of existing stock.

According to Young and Malme (1994), there are two major and widely acknowledged ways to evaluation: area-based assessment and market value-based assessment. Despite the fact that Kitchen (2005) stated that where fully functioning property and real estate markets exist, market value assessment has demonstrable advantages over area-based assessment systems. He went on to say that, regardless of the assessment base used, the success of any assessment system is dependent on three critical aspects of the assessment process: the importance of achieving uniformity in assessment, accountability for assessment, and the frequency of re-assessment. Collier, Glaeser, Venables, Blake, and Manwaring (2018) recognized four major approaches to land and/or property valuation: capital market value approach, rental value approach, area-based approach, and points/proxy-based method. According to Castle and Gilbert (1998), the comparison approach is strongly reliant on the availability, accuracy, and timeliness of sale transaction data. Government documents, data vendors, and the appraisers' network of local connections are also sources of information. According to Benjamin, Guttery, and Sirmans (2004), the market comparison approach based on sale prices has significant shortcomings. It is based on historical data. According to Almy (2002), regardless of how popular the rental comparison method is, it is easier to apply when there is sufficient data on recent rental values of similar and comparable properties. Brown (2008) affirmed that the method is most appropriate where there is location or legal monopoly while the presence of income and expenditure are paramount consideration as well. Brown and Bond (2010) mentioned that the depreciated replacement cost method is preferred on such properties that are relatively difficulty to value on comparative method due to absence of comparable transaction because they are hardly or never let and thus the validity of its application alternative to assessing the worth of the property. Kong (2011) therefore, stressed that construction cost must be a product of comprehensive research and analysis of building components, materials, labour, professional fee and interest on capital to avoid ill based figures that will translate itself throughout the valuation. Norregaard

(2013) mentioned that under the capital value system, the tax base is the open market value of the property, which includes the land and improvements for those properties that are developed.

Property Tax compliance, Collection and Enforcement.

According to Saw (2017) Tax compliance is taxpayers' willingness to pay tax according to relevant tax laws. Enyi Akintoye and Adekoya (2019) also stated that tax compliance is the extent to which taxpayers meet tax obligation or tax payments as at when due in line with relevant tax laws. Mckerchar and Evans (2009), opined that the understanding of tax, feeling of tax strains, and tax morale were what mentally prepare a taxpayers' mind towards tax payment. Tax compliance can be attained where there exists trust and honesty between taxpayers and the government. Gneezy, Gneezy, Riener, and Nelson (2012) stated that where taxpayers have the choice of paying according to infrastructure and services provided, tax income statistically improve. Nonetheless, tax evasion is on the high side where there is mistrust in the government on the judicious use of tax revenue. Adekoya, Olayinka and Ifayemi (2023) noted that, non-compliance to tax payment is the refusal or unwillingness to tax payment which may occur due to lack of trust in the government.

According to Sepulvade and Martinez-vazques (2012), notwithstanding the widely accepted potential of property taxes in tax systems around the world, in practice, they are a minor source of public revenues, especially when compared to other taxes. Ishaya, Dabo and Makama (2012), also agree that property tax administration is the most essential stage of property taxation because any error of omission or commission during conception and assessment of properties shows in the form of objection and non-payment or non-collection of tax. Bahl and Martinez-Vazquez (2008) pointed out that a normal value for the collection ratio is around 50% in countries that have not achieved significant degree of industrialization, which is explained as mainly due to poor tax enforcement and in some cases can even be low as 20%. Although Torgler *et al.* (2008) finds that being optimistic towards the body with official responsibility for collecting taxes and the tax regulations as well as confidence in the government significantly increase tax morale, but in the case where people sense the presence of dishonesty with the utilization of the revenue has the opposite effect. Sepulvade and Martinez-vazques (2012), assured that the total amount of levy or tax a government can accrue is mostly dependent on policy variables that can be influenced either by the tax legislation or by the tax authorities as opposed to the role of taxpayers in explaining tax collections. They further stated that the tax legislation might contain measures to reduce and penalize for corruption, set adequate levels of punitive actions for evasion and restrict preferential treatment and exemptions. Kelly (1999) submitted that an all-inclusive collection and enforcement system needs to depend on an integration of three techniques, firstly, incentives to pay, secondly, sanctions and thirdly, penalties.

Contribution of Property Tax to Local Government/ State Revenue and Challenges

Kitchen (2003) stated that property taxation has been the fundamental support of local government finance in some developed countries over the years, despite the fact that implementation has frequently been fraught with dispute or contention, such as identifying properties liable to be taxed, selecting a suitable tax base, putting in place a proper assessment system, and fixing property tax rates. According to Daniel *et al.* (2020), taxes account for a significant cost of new housing and residential rents while also having the potential to encourage housing provision and utilization.. According to Kuye (2002), in 1601, the continual disintegration of neighborhood amenities and a lack of regular maintenance or preservation in the United Kingdom prompted the enactment of the 'Poor Relief Act' in order to generate revenue from property rating for financing neighborhood services. Property taxes account for between 40% and 80% of local government budgets, 2–4% of overall government taxes, and 0.5–3.0% of GDP (Gboyega, 2003). A well-organized or systematic property tax administration can boost community infrastructure and services. 2011 (UN-HABITAT)

As for the challenges, Norregaard (2013) stated that the system is expensive to operate because of requisites for valuation of properties which includes both land and buildings the actual rent, unlike tax on rental income where the tax is

paid only when income is received. Ahmad et al (2014) also pointed out that local taxation is vulnerable to political opposition through connivance between the taxpayers and the tax collectors resulting to rent seeking outcomes. Sepulveda and Vazquez (2012) argued that there are practical problems associated with property taxation, such as, difficulty with implementation, high administration cost, and tax payers 'contempt. Moreover, these difficulties are more prominent in developing countries. Olusegun (2003) stressed that lack of skilled manpower leads to under-valuation thus, reducing government's revenue, while over-assessment results to disputes which may delay payment of taxes. Norregaard (2013) affirmed that this system of property taxation has some disadvantages. The adjustments that are made for expense often pose a challenge because the deductions are usually arbitrary and subjective.
Verhoeven and Prichard (2019) noted that the Kaduna State government has been working to increase tax collection by broadening the tax base, investing in technology and modernization, and implementing large- scale policy and administrative reform. Despite the fact that these measures have significantly improved the business environment and increased revenue collection, there is still enormous space to promote voluntary tax compliance. According to Muhammad and Isiaku (2013), 'lack of political will' is one of the issues. Oil revenue is overly reliant (Oseni, 2013). Taxpayers' lack of cooperation (Okafor, 2012). Tax inspectors' incompetence (NGF, 2015). Tax rules and systems are complicated. (2010) (Illiyas & Siddiqi).

Land Use Charge in Kaduna State

The Kaduna State Government implemented several property tax amendments. The Kaduna State Geographic Information System (KADGIS) bill was passed in 2015. The agency was given the task of registering and managing all landed properties in the state. The Kaduna State Tax (Codification and Consolidation) Law, 2016, was enacted in 2016. As a result of this enactment, the Local Government Revenue Harmonization Law, 2014, the Hotels and Resorts (room rates) Levy Law of 2012, the Board of Internal Revenue Service Law, 2015, and the powers conferred on any Local Government, Ministry, Department, or Agency with respect to the collection of revenue accruing to State or Local Governments were repealed. This was in line with the Kaduna state Government's policy of eliminating multiple taxation. Recently, with the repeal of the Kaduna State tax (Codification and Consolidation) law No 3 of 2016, the Kaduna state passed its Tax (Codification and Consolidation) law, 2020. The law consolidated all taxes, charges, fees and levies receivable and introduced novel approaches by the government aimed at optimizing the state's tax potentials, by making upward review of some tax obligations and provided stiffer sanctions against defaulters. For the purpose of the new law, each Local Government revenue committee in conjunction with Kaduna Geographic Information Service (KADGIS) is required to assess and charge the land use charge. The Director- General Kaduna Geographic Information Service undertakes or causes to be undertaken an assessment of chargeable properties by way of open market or point based valuation system in such areas of the state as he may designate by order in the gazette.

Table 1: Sources of Revenue

Sources of Revenue for Local Governments in Kaduna metropolis (During Rating Administration)	**Sources of Revenue in Kaduna metropolis (During LUC Administration)**
1. Statutory allocation from Federation account. 2. Local government Consolidation fund. 3. Communication tax. 4. Value Added Tax (VAT). 5. License fees on television and wireless radio 6. Marriage fee. 7. Entertainment tax. 8. Marketing and trading licenses and fees. 9. Motor park duties. 10. Fines. 11. Advertisement fees. 12. Pools, betting and lottery. 13. Tenement rate.	1. Capital Gain Tax 2. Direct Assessment. 3. PAYE Local Govt. 4. PAYE State. 5. PAYE Federal. 6. PAYE Others. 7. Tax audit arrears. 8. Withholding tax on Commissions. 9. Withholding tax on Consultancy. 10. Withholding tax on Contracts 11. Withholding tax on Directors' fees. 12. Withholding tax on Dividend. 13. Withholding tax on Rent. 14. Withholding taxes on Bank Interest. 15. Stamp duty fees. 16. Drivers' license. 17. Learners' permit. 18. Motor cycle number plate 19. Motor vehicle number plate 20. Change of ownership fees. 21. Motor vehicle registration. 22. Motor cycle registration. 23. Vehicle stickers. 24. Sales of motor vehicle reg. booklets. 25. Sales of reflection jackets. 26. Restaurants and entertainment tax. 27. Land Use Charge. 28. Development levy. 29. Gaming.

Source: Kaduna Bureau of Statistics

RESULTS AND DISCUSSION

Type of Properties Levied

Rating

Information obtained from the respondents in Kaduna metropolis consisting of Chikun, Kaduna South, Kaduna North and Igabi LGAs, revealed that property rate was charged by the local government councils on real properties within the urban areas of their various jurisdictions. The rate was incident on all property types. Those that are exempted include; public agricultural land and building, religious properties, government properties, public educational properties and charity organizations.

Land Use Charge

As gathered from the Property Assessor in KADGIS, LUC is charged on all real properties within the metropolis. Properties that are exempted are properties owned and occupied by and used exclusively for religious worship or religious education, cemeteries and burial grounds, a recognized and registered educational institution, public libraries, palaces, charity organizations, government properties, properties occupied by non-profit making organizations.

From the above, it shows that there are similarities between the property type (Use) in which property rate and LUC is incident on and also similarity is seen on the nature of properties that are exempted. This finding is similar to the provision of the Lagos State Land Use Charge Law, 2018, which states that the LUC which is payable annually is charged on all real property except those exempted under section 12 of the new LUC Law, 2018. The Kaduna State Tax (Codification and Consolidation Law, 2020, section 69 also, clearly stipulates the properties that are not liable to be levied the LUC.

Assessment of properties and collection of rates

Rating

The respondents from the LGAs revealed that, over the years, the services of Estate Surveyors and Valuers have been sought some times to carry out the rating exercise and some other times, the Rating units of the LGA carry out the exercise. They stated that Diya Fatimilehin & Co Estate Surveyors and Valuers, Idi & partners Estate Surveyors and Valuers, Goke Adeniyi and Co carried out the exercise for the local government areas within Kaduna metropolis but where long relieved of the task. Three respondents admitted that flat rate was adopted as rateable value for the properties, out of the three; one specifically mentioned that for hotels, 2.5% of the annual income generated from such properties is the rate payable. Another respondent stated that the services of consultants could be employed, who will pay an agreed amount to the local government account, then go ahead to charge and collect rates. Findings from the interview revealed that LGA Councils collected property rates annually and through the commercial banks, the ratepayer pays the rate in the bank, brings the evidence of payment to the revenue office and receipt will be issued to the ratepayer, findings also reveal that there are times that cash payments were received by the rating unit of the LGAs.

Land Use Charge

The valuation department's in-house Estate Surveyors of the Kaduna Geographic Information Service (KADGIS) assess properties for LUC levy. The responder indicated that the cost approach is used in property assessment to determine the market value of the property and then the LUC levy. The answer stated that property assessments are done manually. LUC is paid annually to all commercial banks, with the understanding that no cash payments should be made to any KADGIS staff or any other body. According to the reply, when a payer pays the levy to the bank, the payer brings the proof of payment to the office for conversion to a receipt; the cashier enters the payment data into the payment portal and issues the payer with a revenue receipt. According to the respondent, all payments are put in the Kaduna State Internal Revenue Service (KADIRS) account.

The foregoing findings indicate a disparity in the administration of the property rate and LUC assessment and collection systems. The exercise was inconsistent during the property rate administration. This finding is comparable to Muhammad and Ishiaka (2013), who discovered that the taxation system in Bauchi Metropolis is flawed; the poor taxation system is one of the issues impeding the application of property rating

practice. The finding is also consistent with Owuanyi's (2020) comparison analysis, which indicated that property rate and LUC are both annual taxes levied on landed properties. Section 68 of the Kaduna State Tax (Codification and Consolidation) Law, 2020, states that the LUC payable for any property under this law shall be specified in the schedule to this law, and where no provision is made, KADGIS shall determine the appropriate rates payable. Section 73(1) of the law states that the commissioner responsible for Finance shall open an account known as the Land Use Charge Collection Account.

Tax compliance

Rating

The discovery during the tax compliance interview, three LGA respondents reported that they had issues such as difficulty in obtaining ratepayers to pay and noncompliance by some ratepayers. According to one of the respondents, the compliance level is unacceptable because ratepayers frequently complain about poor or non-availability of infrastructure in their localities. As a result, they seal or threaten to seal commercial properties in order to force ratepayers to comply. ng is also comparable to comparative evaluation.

Land Use Charge

When asked on the level of compliance, the property assessor said that the compliance level is good; he admitted that the LUC levied on properties is low and payment is made flexible, in the sense that the payers can make payments in installments. He also mentioned that stiffer sanctions have been put in place for defaulters. For that reason there is compliance in the payment of the Land Use Charge levy.

From the response above, findings from the LGA respondents is similar to the finding of Fjeldstad (2001), which revealed that taxpayers in Tanzania witness little tangible benefits or service in return for the taxes they pay to the authority. The finding is also similar to the finding of Usman (2022) whose finding revealed that tax payers' satisfaction with the level of adequacy of property tax law, the competence of the tax administrator, the level of government effort to the provision of public goods and the level of Property Tax Digitization had a positive significant statistical influence on property tax compliance behavior in Kaduna state. The response of the Property Assessor is in line with the opinion revealed in Igwe, Emengini and Obodoh (2017) that, for a land based tax to be progressive, equity and fairness should be emphasized as the major objective and not just revenue as seen in the land.

CONCLUSION

Local government councils in Kaduna metropolis lacked the will to properly evaluate and collect property rates in their regions of jurisdiction during the property rating administration period. The exercise was inconsistent, which encouraged unscrupulous activities, poor compliance, property owners' lack of trust in the process, and impersonation (fake revenue staff). There were no effective institutions that would limit the operations of the rating/revenue staff while also requiring ratepayers to pay their rates. Due to a lack of/poor supply of amenities, ratepayers appeared to be uninformed of the necessity to pay rates..

When compared to property rating administration, the Land Use Charge administration in Kaduna metropolis is consistent in the exercise; however, the method of assessment needs to be reviewed by the Estate Surveyors & Valuers; findings show that they use the cost approach in the assessment of all property types. The payment of the annual LUC levy has been made flexible so that the payer can spread the burden of the tax over a set period. This has fostered trust between the payer and the government, as indicated by the level of compliance. To make payment easier for the payer, the LUC levy is collected through all commercial banks. The payment of the LUC tax through a bank rather than in cash has reduced the occurrences of corruption within the system. The presence of some bodies has also helped to keep the exercise under control. The Kaduna Geographic Information Service (KADGIS) was established and placed immediately under the Governor's office; it would assess and charge the LUC in collaboration with each local government revenue committee.

RECOMMENDATIONS

This study recommends that the Kaduna State Government, in collaboration with the Kaduna State Geographic Information System (KADGIS), ensure that all real properties located within the metropolis are captured and included in its database for Land Use Charge (LUC) levy in order to improve the contribution of Land Use Charge to the state's revenue generation.

To assess properties for Land Use Charge, property assessors in the Kaduna State Geographic Information System (KADGIS) should use an appropriate valuation technique and information technology (IT) systems.

The Kaduna State government should make an effort to improve infrastructure provision in Kamazou and Mahuta areas, as well as revamp/restore dilapidated ones in Chikun Local Government, so that the public recognizes the need and is not forced to pay the Land Use Charge levy.

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