CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Government has a huge responsibility of providing infrastructure for the populace. Collins (2003) states that the infrastructure of a country, society or organization consists of basic facilities such as transportation facilities, power supplies, telecommunication facilities, and buildings which make the town or city function. According to Tesfay (2008), existence of solid infrastructure like roads, sewers, hospitals, schools, among others, which cut across all sectors of the economy is required for national development. In other words, infrastructure is important for communities to function. The provision and maintenance of infrastructure especially in urban areas has always posed a great challenge to governments at all levels.

Africa's urban population was projected to be more than double between the year 2000 to 2030. According to the United Nations Population Fund (UNFPA, 2011) reports, Nigeria is now the sixth most populated nation in the world with an estimated population of about 187 million in the year 2015 and the impact of the nation's population growth on public utilities is enormous. Most of the social amenities and services have been overused and are in dire need of up-date and repairs. Furthermore, a large portion of areas lack necessary amenities and needs to be attended to. Therefore, a huge as well as a diversified revenue base is required to undertake these.

The Nigerian revenue system is heavily dependent on crude oil and its price depends on a volatile world market. However, the responsibilities of the state and local governments have grown over the years, and yet depend on unpredictable revenue sources. These challenges made it imperative for government to increase their revenue base through taxes. Taxes on property are the single most important source of locally raised revenue in most parts of the world and seen as reliable revenue for local governments (Dillinger, 1992).

A good property tax system should satisfy Smith (1776) Cannons of Taxation which are equity, certainty, efficiency and convenience. Overtime, varying criteria for evaluating a property tax have emerged, therefore a good property tax must be fair, equitable, set in simple language, be politically acceptable to the payers, consistent with the goals of promoting a stable economy, have revenue adequacy, consider the ability to pay based on income, and should be proportional to the benefits received from government services (Emeni, 2000; Igwe-kalu, 1998 and Ogbuefi, 2004). A tax system that satisfies these criteria would ensure equity, encourage compliance and improved revenue yields, while an inequitable discriminatory tax policy administered haphazardly would breed opposition, hostility and non compliance.

Anambra State has a population of 5,547,026 as at the end of year 2016 calculated with an annual population growth rate of 3.2 percent per annum, has over 60 percent of its population living in urban areas due to its relatively small landmass. It has one of the highest population densities in Africa, 947 persons living within a square kilometre as at 2013.(Ugonabo and Emoh 2013). Due to the decades of neglect and bad governance, the shift in human migration posed a great burden on available infrastructure. As a result, major cities became characterized by inadequate and deteriorated road networks, walkways, unregulated building patterns, uncontrolled street trading, congestion, noise pollution and overcrowding. The Government of Mr. Peter Obi, in collaboration with UN-HABITAT, produced a 20 year structural plan (2009-2028) for the three major cities in the State, Onitsha, Nnewi and Awka to turn these cities into successful urban areas to generate employment, wealth, and better living standards for its residents. Internally generated revenue (IGR) then became crucial to achieve this dream. Anambra State has been generating around Five Hundred Million Naira (₦500, 000, 000.00) monthly since 2007 and has been rated low according to a report by State Peer Review Mechanism (SPRM) put in place by the Nigeria Governors' Forum (NGF). It was pointed out by the national coordinator of the mechanism, that the State has the potential to generate 2Billion Naira revenue monthly from internal sources (Afeikhena, 2013).

Property rating system in Anambra State before the advent of APLUC was characterized by corruption, personnel problems, ignorance, lack of adequate materials, apathy, poor street naming and house numbering among others and of course, poor revenue (Ezeudu,2009). All these informed the decision of the State Government to undertake the tax reform. Anambra State Property and Land Use Charge (APLUC) which was adapted from the Land Use Charge of Lagos State took effect on the 29th day of November, 2011.

The performance of the property tax in Anambra State could be as a result of the inequities which the method of assessment of the tax creates, the administration of the tax system, or the inadequacy of the tax law. This study will evaluate the law and administration of the property tax in Anambra State in line with the attributes of a good property tax system with a view to determining the factors affecting the performance of the tax.

1.2 Statement of the Problem

Kayuza (2006) observed an international trend of increasing demand for public services, especially those provided by the local governments. Subsequently, the growing need for revenue to finance local services has resulted in an increase in the number of countries that levy taxes on real property. The yardstick for measuring the success of a revenue generating property tax is the volume of revenue generated by the system without placing intolerable burdens on any group of people. The main objective of APLUC, which harmonized existing land charges such as, tenement rate, ground rent and maintenance and infrastructural development levy according to the State Government, is to develop the state that has been facing growing population without corresponding increase and improvements in physical and social infrastructure. Property taxation is a stable and reliable source of revenue for states and local governments. Although, there is a long history of property tax in Nigeria's major urban centers, the tax has remained under -developed and under-exploited except in the city of Lagos. This was in spite of the government policy of 1976, which was part of the nationwide reform of local government, and framework that supported the development of property tax for financing the increasing array of local government council's services. As a result, a number of State Governments have initiated bold reforms on property taxation to increase their revenue base. Lagos State took the lead followed by Anambra State, Federal Capital Territory, (Abuja) (though the bill has not been passed into law), Oyo and Edo State in 2012, Ondo State and Abia State in 2014, Osun and Enugu States in 2016 (Egolum,2016). The State must have opted for the Land Use Charge following success in Lagos State where the State Government rakes in billions of naira, from the tax annually. Buoyed by the success recorded by Lagos State in the implementation of this property based tax, Anambra State went into the same venture with an expectation to realize an annual income of 1.5Billion naira from the property tax, but much success has not been recorded by the tax. Anambra State Property and Land Use Charge (APLUC) has not yielded the projected revenue from property taxation to the State. Records from the Anambra State Ministry of Finance shows that the following amounts have been realized from the property tax: ₦28,103,771.61 in 2011, ₦21,728,421.73 in 2012, ₦48,945,481.76 in 2013, ₦93,716,991.99 in 2014 and ₦82,456,789.32 in 2015. These figures are not close to the annual target of 1.5Billion Naira at all. Secondly, the examination of the APLUC law also shows that it fails to provide the basis of tax assessment. The provision of basis of allocation of the tax burden to the taxpayers is an essential feature of property tax laws because a transparent tax assessment of system helps the tax gain public acceptance. This therefore suggests that there might be deficiencies in the assessment and the administration of APLUC. Thirdly, random comments and negative remarks by the residents of the State also raise doubts as to the fairness and equity of the tax system. Property tax is known to be a politically sensitive tax due to its direct nature. The common experience is that property tax systems based on haphazardly formulated tax policies that are poorly implemented without regard to the cannons or principles of taxation are known not to meet their expected tax returns. Such tax systems would rather provoke resentment, non-compliance and oppositions among tax payers.

From the literature reviewed, it is quite obvious that a lot of works has been done on property taxation in many places. But the review shows some glaring gaps which this work seeks to fill. Firstly, most of the works were done by researchers on property tax in other countries. The few ones done in Nigeria were done on the Lagos State Land Use Charge. Moreover, the literature reviewed showed that most of the works concentrated mostly on the assessment of the provisions of the Lagos State Land Use Charge, the use of GIS in property taxation, the relationship between tax administration and tax policies, property tax assessment uniformity, relationship between low collection rate and lack of enforcement against compliance and tax revenue. None of the works addressed the following:

a. Comparison of the provisions of the Anambra State Property and Land Use Charge (APLUC) Law No.1 of 2011 with a tax policy guide of international standard (that is the UN-HABITAT).

b. Comparison of the APLUC law with the provisions of similar tax laws of other states- Lagos, Edo and Enugu States.

c. Evaluation or examination of the basis and method of the property tax assessment adopted by the Anambra State Government.
d. Ascertaining the extent to which the APLUC law and its administration has met the revenue yearnings of the State.

It is these gaps found in literature that form the core of this study. Therefore, in order to bridge the gaps found in literature, there is need to evaluate the provisions of the APLUC law to determine its adequacy with a view to assessing its performance with regards to revenue generation.

1.3 Aim and Objectives of the Study

The aim of this study is to appraise the Anambra State Property and Land Use Charge (APLUC) with a view to uncovering the reasons for its apparent inability to deliver the expected tax revenue to the State Government. In line with this, the aim is pursued by the following objectives:

1. To identify the provisions of the Anambra State Property and Land Use Charge Law No.1 of 2011 and compare it with the provisions of Land and Property Tax: A policy Guide of the United Nations Human Settlements Programme (UN-HABITAT) 2011.
2. To compare the provisions of the APLUC law with the land use charge laws of Edo, Enugu and Lagos States.
3. To ascertain the basis of assessment and the property tax assessment method adopted by the Government?
4. To ascertain the extent to which the APLUC law satisfies the revenue yearning of the State.
5. To verify the extent to which the Anambra State Property and Land Use Charge satisfies the elements of good tax administration.
6. To determine the extent APLUC satisfies the principles of a good property tax system.

1.4 Research Questions

1. What are the provisions of the Anambra State Property and Land Use Charge Law, No.1 of 2011 and how does it compare with the provisions of the Land and Property Tax: A Policy Guide of United Nations Human Settlements Programme (UN_HABITAT) 2011?
2. How do the provisions of the APLUC Law compare with the Land Use Charge Laws of Edo, Enugu and Lagos States?
3. How appropriate is the basis of assessment and the property tax assessment method adopted by the government?
4. To what extent does APLUC satisfy the revenue yearning of the State?
5. To what extent does APLUC satisfy the elements of good tax administration?
6. To what extent does APLUC satisfy the principles of a good property tax system?

1.5 Research Hypotheses.

The research tested the following hypotheses:

Ho_1 There is no significant difference between the provisions of the Anambra State Property and Land Use charge Law No.1 of 2011 and that of UN HABITAT.

Ho_2 There is no significant difference between the provisions of the APLUC Law and the Land Use Charge Laws of Edo, Enugu and Lagos States.

Ho_3 The property tax assessment method adopted by the Anambra State Government is not consistent with known equitable principles of taxation.

Ho_4 The Anambra State Property and Land Use Charge (APLUC) is not properly administered in the State.

Ho_5 The Anambra State Property and Land Use Charge (APLUC) does not satisfy the principles of a good property tax system.

Ho_6 There is no significant difference between the tax values obtained by the Anambra

State Government and the tax values obtained by using income based assessment methods.

1.6 Significance of the Study

The findings from the study will help the Government in making good property tax policies. An investigation into the property tax policy and administration process in Anambra State will bring up issues concerning the aspects of the property taxation and addressing all components of the property tax administration (Property Identification, Valuation, Collection and Enforcement) for increased efficiency in levying the tax and also to ensure sustainability.

Secondly, the involvement of property tax payers through soliciting their views is an attempt to help the authorities understand the taxpayers' perceptions of the property tax and also the public acceptability. Knowledge of taxpayer's attitude is a valuable contribution to the efforts of the Government because it would make for improved property tax collection if they understand their partners in taxation by identifying and resolving issues for improved cooperation from the tax payers. Thirdly, this study has exposed the factors impacting upon property tax revenue performance in the state and this will serve as a guide in developing policies for tax reform. Fourthly, the study has exposed tax inequities in the tax system which when addressed will bring about a fair and equitable property tax which will be beneficial to the tax payers. Lastly, this study serves as a database for future research. In summary, this study contributes to knowledge because it benefits various stakeholders in property taxation, the government, policy makers, revenue collectors, tax payers and researchers.

1.7 Scope of the Study

This study is limited to the evaluation of the APLUC law based on the policy guide of The United Nations Human Settlements Programme (UN-HABITAT), 2011.It also compared the APLUC law with the Land Use Charge laws of Lagos, Edo and Enugu States, each state picked from South West, South East and South South regions. It also looked at the administration of the Property and Land Use Charge in the three major towns of Anambra State alone. They include Awka, Onitsha and Nnewi. It identified the constraints leading to poor tax revenue collection, by addressing all components of property taxation.

1.8 The Area of Study

This section discusses the study area. The discussion is done under the following sub-headings: location of the study area, climate and vegetation of the area, population and human characteristics of the study area, land use and settlement pattern and infrastructure.

1.8.1 Location of the Study Area:

Anambra State is one of the thirty-six states in Nigeria. It is located in the South East geopolitical zone of the country. It is located between latitudes 5^o 40' N and 6^o 48' and longitudes 6^o 35' E and 7^o 30' E. Its name was got from the Anambra River originally known as 'Oma Mbala'. The ethnic group of the area is Igbo, which is one of the three major ethnic groups in Nigeria. The State has 179 communities (towns) in twenty-one (21) local government areas with the capital city Awka, the commercial town of Onitsha and the industrial city of Nnewi being the major towns. Geographically, Anambra State shares borders on the East with Enugu, on the West with Delta State, on the North with Kogi State and on the South with Imo State. Below is the map of Anambra State showing the study areas.

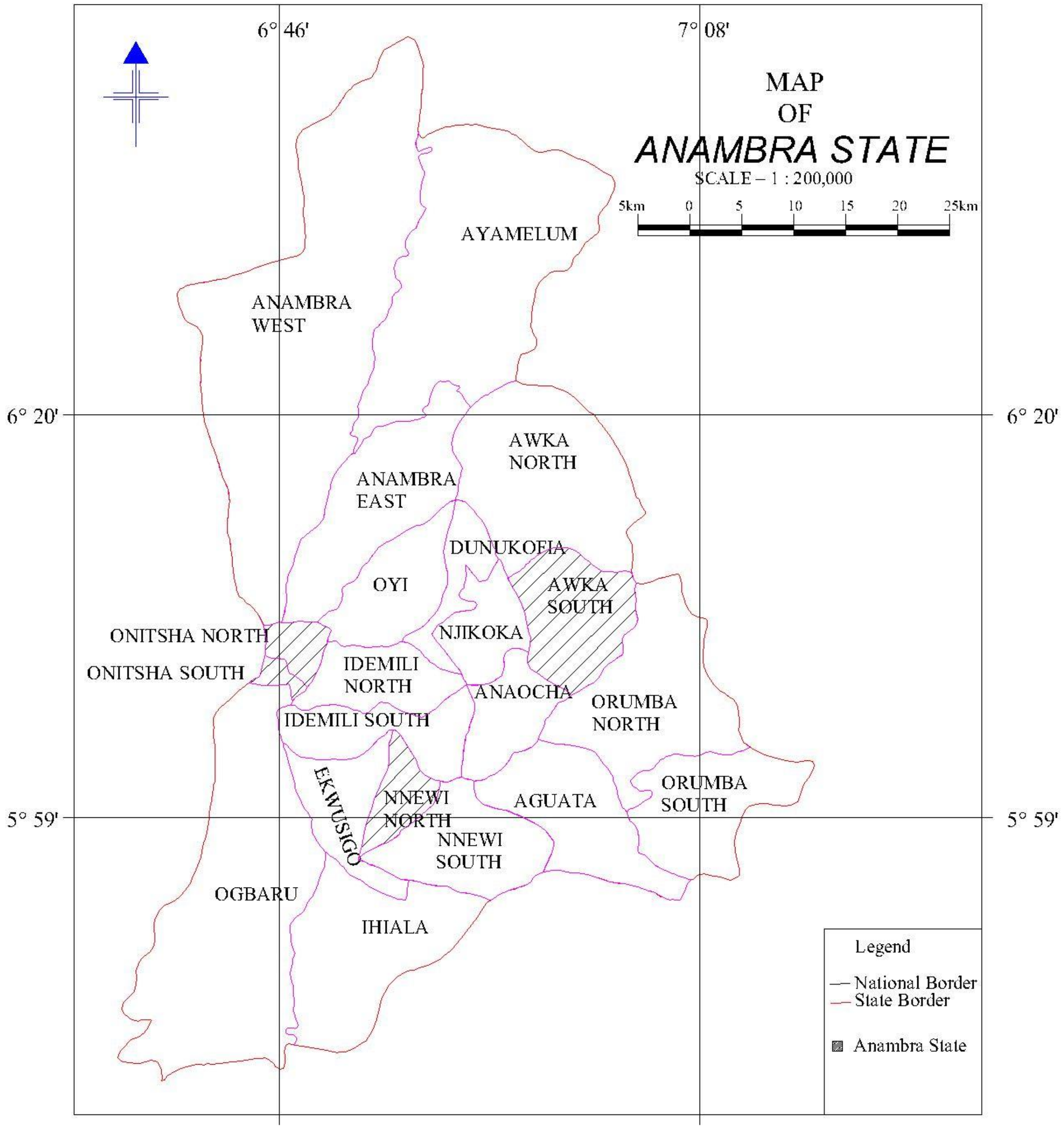

Fig 1: Map of Anambra State Showing the Study Area.

Source: Department of Surveying and Geoinformatics, Nnamdi Azikiwe University, Awka, (2016).

1.8.2 Climate and Vegetation of the Study Area:

The climate of the study area is marked with two distinct seasons; wet and dry seasons. The dry season lasts from November to March, while the wet or rainy season lasts from April to October or from March to November. The temperature is fairly uniform but is slightly higher during dry seasons which most times records a monthly mean maximum and minimum temperatures of 35^{o}C and 25^{o}C respectively as against the wet season which most times records 35.9^o C and 23.7^{o}C as its monthly mean maximum and minimum temperatures respectively. (Federal Republic of Nigeria, 2007).The months of December and January mark the peak harmattan period , which is usually dry and cool in the early mornings and late night hours while the afternoon is relatively warm. The study area is the rain forest belt. It is characterized by the presence of tall trees with a mixture of shrubs and grasses especially in the rural areas. This tropical rainforest vegetation is though gradually disappearing due to urbanization.

1.8.3 Population and Human Characteristics:

Th**e** population of Anambra State has been on a steady increase since its creation. According to the 2006 National Population Census, the population of the state was 4,117,828 (Federal Republic of Nigeria, Official Gazette, Government Notice No.2, vol.96 pg B23: fGP16/22009/10000(OL02)). The population growth rate of Nigeria takes a geometric progression pattern and it is 3.2% per annum. The estimated population of Anambra State as at the end of the year 2016 calculated with the growth rate of 3.2% per annum is 5,547,026 . This figure is obtained by the application of Geometrical Population Growth Model. The Model is expressed thus:

$P(t) = P_o \mathbf{(1 + r)^t}$

Where : P(t) = Population at a certain time (t) = December,2016

Po =Initial Population (Known population)= 4,177,828

r = Population Growth Rate (in % per annum)= 3.2 % = 0.032

t= Time Interval (in years) = 2016 -2006 =10 years.

The rapid population increase may be attributed to the high rate of immigration in the State. There is an influx of business men, civil servants and school leavers into the State. This was also worsened by the spate of insecurity in the North Eastern States. The people in the area are mainly traders, farmers, industrialists, professionals in many fields of knowledge, artisans, civil/public servants, transporters among others.

1.8.4 Land use and Settlement Patterns:

The cosmopolitan nature of the study area coupled with its zeal to develop in the areas of commerce, industry, agriculture among others gave rise to different land uses in the area. These include residential, commercial, industrial, recreational and agricultural among others. Land uses in the urban areas are mostly residential, commercial and industrial while agricultural dominate in the rural areas.

The relative development in the state makes it difficult to distinguish between the rural, semi-urban and urban areas. The gaps that normally exist between them are almost extinct. The towns are characterized with high rise buildings and an ever growing population.

1.8.5 Infrastructure

The State is served by four major road networks, namely; the Onitsha -Enugu dual carriageway which is a gateway to the West and North of the country. The Onitsha- Owerri Road, dualised highway, which is the main route to the eastern states. The Onitsha- Nnewi-

Okigwe Road and the Onitsha – Adani Road make the rest of the State accessible to the River Niger Port and nodal town of Onitsha. In Onitsha is located most of the road transport services headquarters. The main waterway is the River Niger.

The three main towns of Awka, Onitsha and Nnewi are characterized by privately owned residential buildings for instance Block of flats, Duplexes and tenements. Commercial properties like shops, hotels, schools . Industrial properties also abound in the three towns but are more concentrated in Nnewi and also agricultural properties like farmlands. All these form the base of the property tax

1.9 Limitations of the Study

The study has the following limitations:

- A work like this ought to have covered the entire Anambra State; but here, only the three main towns: Awka, Onitsha and Nnewi were studied; and inferences were drawn from them on the entire State.
- There are lots of uses to which properties are put; but the researcher captured only block of flats, duplexes, office blocks and shops, hospitals and hotels in the demonstration of the valuations done in the study.

CHAPTER TWO

LITERATURE REVIEW/ THEORETICAL FRAMEWORK

This chapter discusses the theoretical framework on which the work was based, explanation of basic concepts, and the review of related literature.

2.1 Theoretical Framework

The theoretical framework upon which this work is founded is that of cause- effect Analysis Theory. The theory is explained using cause- effect relationship. The relationship between cause and effect takes a logical pattern since if there exists an effect, then there must be a corresponding cause or causes and vice versa. This theory was used because for revenue generation to dwindle, there must be a causative factor or factors. The Principal-Agent theory was also discussed and these provide the theoretical framework for analyzing the property tax under study.

2.1.1 The Cause- Effect Analysis Theory

The cause and effect relationship can be analysed using cause and effect model invented by Professor Kaoru Ishikawa in the 1943 to help explain to a group of engineers at Kawasaki steel works on how a complex set of factors could be related to help understand and solve a problem. (Ishikawa, 1990). It was also applied as quality management technique in the 1960s. The technique was later published in 1990 in Ishikawa's book titled "Introduction to Quality Control". The technique uses a diagram-based approach for thinking through all of the possible causes of a problem. This helps in carrying out a thorough analysis of the situation. The model is popularly known as "Ishikawa diagram" or "Fishbone diagram". This is because a completed diagram can look like the skeleton of a fish.

The technique can be applied to the following in other fields of knowledge.

- To discover the root cause of a problem
- To uncover bottlenecks in a process
- To discover where and why a process is not working.

2.1.2 Explanation and Application of the Technique

Fishbone diagram is a graphical technique used to identify and arrange the causes of an event, problem or outcome. It graphically shows the hierarchical relationship between the causes of a problem according to their level of importance including the outcome (effects). The technique uses a model which makes use of four steps, (Ishikawa, 1990) as follows;

1. Identify the problem
2. Work out the major factors involve
3. Identify the possible causes and effects
4. Analyze your diagram.

Step 1: Identify the Problem

The technique firstly identifies the problem (effect) including when and where it occurs. Thereafter a box is drawn on one side of a large sheet of paper and a line is drawn across the paper horizontally from the box as shown below.

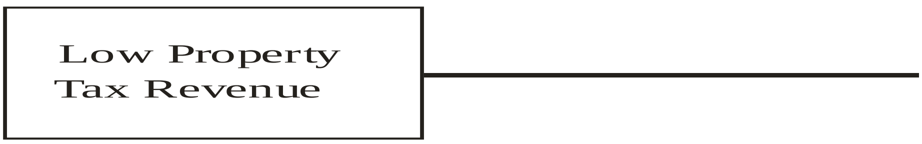

Fig 2: Diagram illustrating the head (X) and spine of a fish.

This diagram that looks like the head and spine of a fish gives space for the development of other structures, signifying ideas. The problem (low property tax revenue) represented by (X) has been identified and written in the box.

Step 2 Work Out the Major Factors Involved.

The second step looks for the major factors that could be the likely cause(s) and effect(s) of the problem. Thereafter lines are drawn from the "Spine of the fish". Each line represents a major factor and is labeled accordingly as shown below.

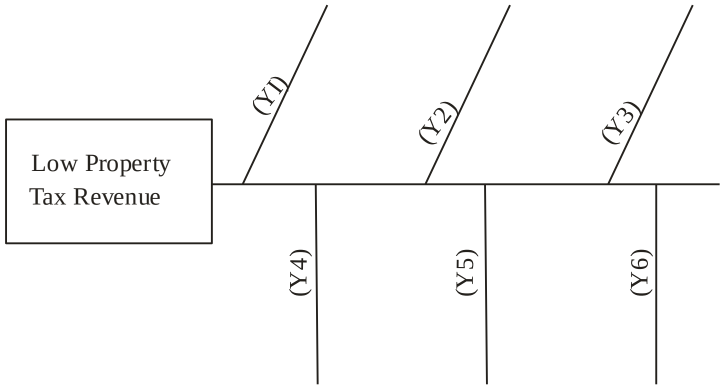

Fig 3: Diagram illustrating the head(X), spine and large bones which are developed from the spine of a fish.

This arrangement which looks like the "large bones" of a fish gives space for the development of more structures which signifies more ideas. The lines labeled Y_1, Y_2, and Y_3 represent the three major categories of factors that could give rise to low property tax revenue as was found in literature. They are;

- Inadequate Tax Policy (Y_1)
- Inequitable Tax Assessment (Y_2)
- Poor Property Identification (Y_3)
- Inefficient Tax collection and Enforcement (Y_4)
- Non functional Appeal Process (Y_5)
- Poor Taxpayer Education(Y_6)

Step 3: Identify the Possible Causes

The third step is to identify the possible causes of low property tax revenue related to each of the factors listed above. Thereafter minor or small lines are drawn from the major lines (Large fish bones) of the diagram. Each small line represents a possible cause of the problem and is labelled accordingly as shown below:

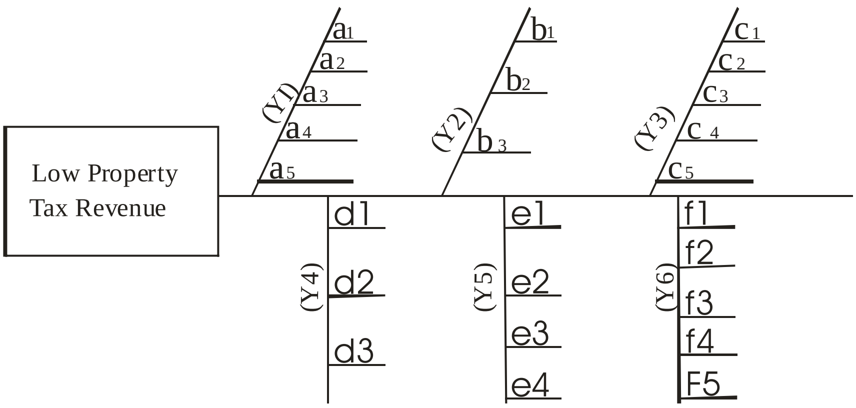

Fig 4: Diagram illustrating a complete skeleton of a fish

- This arrangement which looks like the "small bones' of a fish gives a comprehensive view or idea of the diagram which is the skeleton of the fish. The lines labeled; a_1 to a_5, b_1 to b_3, c_1 to c_3 , d_1 to d_4,e_1 to e_4, and f_1 to f_5 represent other possible causes of low tax revenue in Anambra State. Which are attributed to and categorized as Inadequate provisions in the tax policy (Y_1), Inequitable assessment (Y_2), Poor property identification (Y_3), Inefficient Tax collection and enforcement (Y_4), Non functioning Tax appeal process(Y_5).

Step 4: Analyze Your Diagram

This final step is the analysis of the diagram. At this step all the possible causes or effects of the problem one can think of must have been shown in the diagram. This stage investigates the most likely cause(s) and effect(s). it involves setting up investigations, carrying out surveys, collecting and analyzing data to ascertain which of the possible causes actually led to the problem . This analysis will also help to ascertain whether two or more possible causes combined together or jointly led to the problem.

In figure 4, the box marked (X) together with the two long horizontal lines attached to it is the head and spine of a fish and it represents the problem of the study which is low property tax revenue recorded by the Anambra State Property and Land Use Charge (APLUC). The major lines labelled Y_1, Y_2, Y_3, Y_4, and Y_5 represent the major categories of factors that cause the low property tax revenue recorded by APLUC. They include Inadequate Tax Policy (Y_1), Inequitable Tax Assessment (Y_2), Poor Property Identification (Y_3), Inefficient Tax collection and Enforcement (Y_4), Non functional Appeal Process (Y_5). The minor (small) lines labelled a_1 to a_5, b_1 to b_3, c_1 to c_3 , d_1 to d_3,e_1 to e_4, f_1 to f_2 are the minor or small bones of a fish which are developed from the major (large) bones of a fish. These minor lines represent the possible causes of low property tax revenue. The minor lines labelled ; a_1 to a_5 represent the possible causes of low property tax revenue classified as Inadequate property tax policy. They include; Non consultation of relevant professionals in the design of the policy, non provision of basis of assessment in the tax law, Non appointment of Estate Surveyors and Valuers as assessors, Non interpretation of key concepts and terms in the tax law and complex and non transparent process of tax administration among others. The minor lines labelled b_1 to b_3 represent the possible causes of low property tax revenue classified as Inequitable Tax Assessment. They include; inappropriate assessment basis and method, assessment done by non professionals, taxpayers not aware of tax value is arrived at, among others. The minor lines labelled; c_1 to c_3, represent the possible causes of low property tax revenue classified as poor property identification. They include; No property database, incomplete database, poor data update process. The minor lines labelled d_1 to d_3 represent the possible causes of low property tax revenue grouped as inefficient tax collection and enforcement. They include; difficulties in making tax payments, Non delivery of demand notices and reminders, Non enforcement of penalties and sanctions on defaulters among others. The minor small lines labelled e_1 to e_4 represent the possible causes of low property tax revenue attributed to Non functional appeal process and they include; inexistent appeal tribunal, non relevant professionals as members, lack of fair hearing and justice, loss of confidence of taxpayers. Lastly, the minor lines labelled f_1 to f_5 represents the possible causes of low property tax revenue categorized as poor taxpayer education and they include; taxpayer awareness of the tax, taxpayers awareness of reasons for paying the tax, awareness of how amount paid as tax was got, awareness of their right to appeal, awareness of the penalties and sanctions.

The diagram in fig 4 shows that low property tax revenue (X) occurs as a result of one or a combination of two or more possible causes (a_1 to a_5, b_1 to b_3, c_1 to c_3 , d_1 to d_3,e_1 to e_4, f_1 to f_5) which belongs to either one or more of the categories of factors that cause low property revenue (Y_1, Y_2, Y_3, Y_4, Y_5 and Y_6).

The fishbone diagram illustrates that a relationship exist between cause and effect. Property taxation is a reliable source of government revenue but for it to realize the expected revenue; it has to adopt tax policies considering the peculiar socioeconomic and legal framework of the area. The property tax system while satisfying the principles of good tax system should also ensure efficiency in the administration to get compliance.

2.2 Principal –Agent Theory

Agency theory as propounded by Milgrom and Roberts (1992), explains social relations which involves a delegation of authority (by a principal to an agent) , and starts from the observation that the relationship generally results in problems of control. There are always difficulties encountered in motivating an individual or organization to act on behalf of another. There are also problems associated with the inability of the principal to observe and control the actions of the agent. The principal –agent approach is applied in analyzing hierarchical relationships in organizations or relationships under contracts. In taxation, the approach has been used in theoretical tax compliance studies. A model was designed by Sanchez and Sobel to demonstrate the conflict between the government, which has the responsibility of selecting a tax policy, and the auditor, who has the job of enforcing the policy. It was discovered that the agent has a divergent interest from that of the principal. The agent may choose to pursue his private interests at the expense of the principal. This action of the agent under the principal- agent relationship is known as a moral hazard problem. Monitoring and incentive (reward) approaches are suggested to checkmate the problem of moral hazard. The monitoring approach involves monitoring the behavior of employees through increasing resources by developing good strategies and also the verification of their actions. The results are used as basis for rewarding good behavior and instituting penalties for inappropriate behaviour .In Incentive approach ,the employer needs to observe outcomes and to provide incentives for good behaviour through rewarding good outcomes. The rewards may be in the form of bonus or tied to output. In some cases, increasing resources alone may not be effective in motivating behaviour rather incentives may also be required to compliment the monitoring strategy to motivate behaviour change. In property taxation, the principal –agent theory shows the relationship among the key actors. It represents the relationships of state government, local authority, tax administration and the tax payers at different levels. It also shows the relation between various property owners and political leaders.

Decisions by the main actors from the principal –agent perspective also have effect on the operation of a property tax system. The property tax system is thus analysed in the context of the relationship framework representing the state government, the tax authority, tax administration system and the tax payer as shown below.

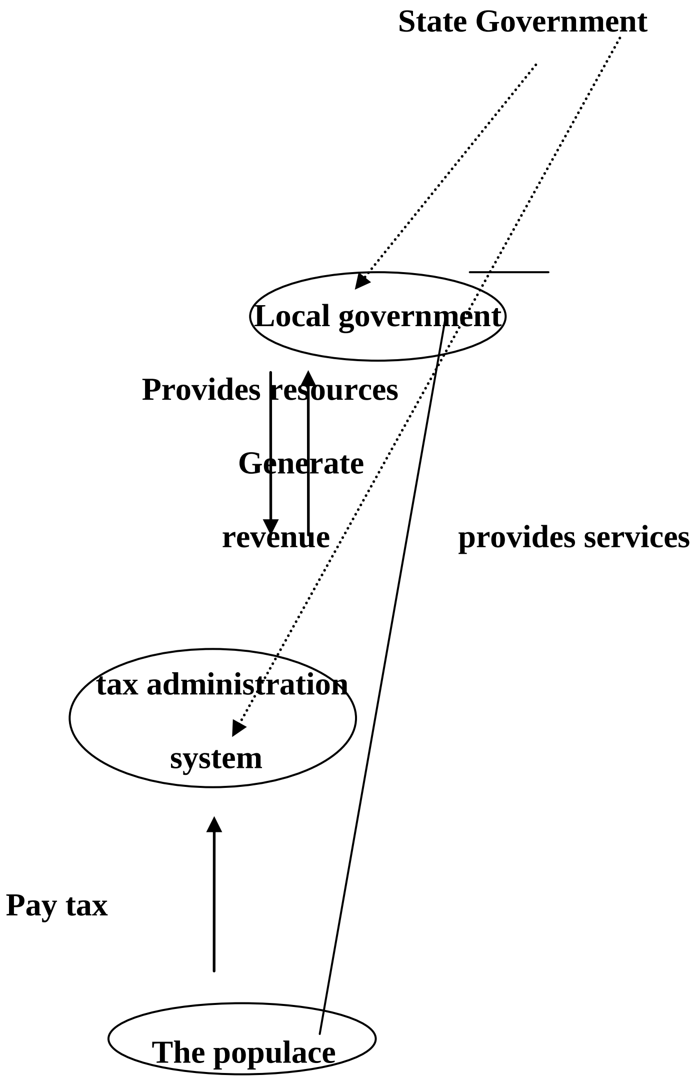

Fig 5: The Relationship Framework Representing the Players in a Tax System

Source- Adapted from Kayuza,H.M. (2006)

The assumption is that performance of a property tax system depends on a supportive relationship of the components of this relationship framework.

1. **State Government:** The state government makes the policies that guide property taxation. Thus, the tax base, tax rates, assessment procedures, exemptions from tax liability , enforcement procedures etc. are all prescribed by the state government to be implemented by the local government authorities. The policies influence the functioning of the property tax system and the response of the tax payers.

2. **Local Government**: The local government as the taxing authority generates property tax revenue through the property tax administration system. The two components must relate. The taxing authority should facilitate the property tax system so as to generate the desired property tax revenue by making resources available. Huge amounts of resources are needed for property identification, valuation, tax collection, and enforcement which are crucial processes in taxing a property. The tax authority must provide sufficient resources for the administrative system to perform such functions efficiently.
3. **Property tax administration system:** The property administration system is charged with the various functions of property tax administration. However, efficiency in carrying out these functions depends on the resources made available by the local government. On the other hand, cooperation from the taxpaying public affects the revenue collection function. The property tax administration system interacts with taxpayers in the processes of identification, valuation of properties and collection of property tax but cannot influence service delivery to the taxpayer. It is not involved in making decisions concerning the tax revenue.
4. **The taxpayer:** Taxpayers' acceptance of the tax is important because it enhances revenue generation of the property tax system. This is also influenced by the benefits which accrue to the taxpayer in the form of government services.

   The relationship framework shows the interactions among the key actors in property taxation and how these relationships together with their decisions affect revenue performance of the property tax system under investigation. All these go to show that the evaluation of a property tax system is based on different theoretical facets. The standard principles of taxation give a foundation upon which a property tax is examined. In examining the property taxation practice in Anambra State, emphasis would be directed on the principle of equity, and fairness, acceptability of the tax, the taxpayer perceptions of the property tax and others and this provides the basis for the understanding of the performance of the property tax and identifying possible policy options. In addition, the principal-agent theory facilitates the understanding of the relationships among the key actors in the property tax administration system. What are the goals or objectives of the “principal” and the incentives and condition of “Agents” at the various levels? Property tax laws administration should be equitable and fair. A tax system can only achieve full and voluntary taxpayer compliance only if all equity dimensions are met. Taxpayers would pay their taxes willingly if their opinions matter in the decisions of how tax burdens and benefits are distributed and if they perceive that the tax system is fair and just. In addition, taxpayer compliance would improve if he perceives that most people are complying and

those who do not are penalized. Changes in tax law or tax administration that make compliance easier and non –compliance hazardous result in fairer tax systems.

2.3 Review of Important Concepts

Concepts are ideas, attributes or processes. Robson, (2011) suggests that it could be derived from previous studies, relevant theories, views of practitioners, professionals or anyone that has expertise, or experience related to the topic of study and also from personal intuition/conceptions. Here, related concepts of property taxation were explained.

2.3.1 The Concept of Property Tax

Taxation is the power of the state to impose and collect revenues for public purpose. A tax is a compulsory levy imposed on individuals, organizations, companies, goods and services in a society. (Igwe-Kalu, 1998 and Ogbuefi, 2004). According to Cameron, (1999), property tax is a tax levied on landed or real properties which is based on the value of the property itself. Bahl and Trinh, (2012) view it as a tax on real estate wealth/value. It is administered through the use of a uniform tax rate imposed on the assessed value of the property being taxed. The primary purpose of taxation is to provide resources with which the government discharges its functions for the protection and general welfare of its citizens. It is a useful tool in economic planning and development and also brings about social change. The major purposes of taxation (Umeh ,1972; Ola, 1985 and Igwe- Kalu,1998) are:

- Revenue raising;
- Social justice;
- Income distribution;
- Resource allocation ;
- Capital formation;
- Planning;
- Development;
- Economic stabilization.

Since governments have varying objectives, different forms of taxes become necessary for the achievement of such objectives. Taxes can be categorized into those levied by the federal government, state or local governments. A lot of considerations are taken into account in designing a tax proposal. The essential characteristics of tax include the following:

- It is an enforced contribution
- It is generally payable in money
- It is usually based on the ability to pay
- It is levied on persons and property within the jurisdiction of the state

- It is levied pursuant to legislative authority, the power to tax can only be exercised by the law making body or congress
- It is levied for a public purpose
- It is commonly required to be paid at regular interval.

Nigeria, India and most commonwealth countries inherited the British traditional rating system. the word ‘RATE’ is understood to mean “ a tax for a local purpose imposed by the local authorities, the basis of which is the annual value of lands and buildings arrived at by adopting different recognized models of assessing the tax.

Property taxes of various designs are adopted by governments throughout the world. According to the International Association of Assessing Officers (IAAO), different versions of property tax exist in about 130 countries.(International Association of assessing officers,2012).Property taxes seem to be minor revenue sources when measured in terms of their share of a country’s GDP and total national tax reserves. For instance, in developed countries, the property taxes was a little more than 1 percent(1%) of GDP and about 4 percent(4%) of all tax revenue(Bird and Slack, 2002). Despite this insignificant contribution to revenue at the national level, property tax represents an important source of sub national or local revenue in many countries. Property taxes are more utilized in developed countries than in developing countries. For example the highest property tax to GDP ratio recorded in Canada according to OECD, (2012) was 3.6%, US 3.2%, United Kingdom 4.5% and Australia 2.7%. On the other hand, developing countries tend to generate less property tax revenue typically at a maximum of 40 percent of local government revenue, 2 percent of total government revenue and 0.5 percent of GDP (Kelly & Montes, 2001and Kelly, 2000). According to Babawale and Nubi, (2011), property tax is a predictable source of revenue for local government authorities in a democratic regime. Property tax or land tax is basically the same in terms of taxation objectives but differs in terms of base on which the tax is levied.

Some countries levy property taxes while others levy land taxes, but the motives behind the taxes remain the same. In providing an overview of the property tax practices, the basic features of a property tax system are highlighted.

According to UNHABITAT, (2011), cities and towns can only become effective engines of economic growth when land is seen as a key factor in wealth creation and national development. Land represents a valuable asset which through its use, value and transfer can form the basis of tax revenue, McClusky and Trinh, (2012). According to Umeh, (1972) land can be viewed from different perspectives and these constitute the various concepts of land. The economic concept of land sees land as a basic factor of production without which other factors of production such as labour, capital and management cannot function. The early economists concluded that property and more especially land, was the only logical base for taxation. Literature on taxation indicates that a tax on real property has been in existence for at least three millennia. It was first introduced in Rome during the early times. According to James and Nobes, (2000), the magistrate undertook the tax assessment and kept a register in which the property of each citizen was recorded. The tax was known as *tributum.* The tax rates were between 0.1 and 0.3 percent of an individual‘s property value. A local rate was introduced in Britain in 1601 following the enactment of the Elizabeth Poor Relief Act. Under this Act, individuals owing property had to contribute in form of tax based on the value of this property to the poor within the community. A wealth tax continued to spread in European countries in the nineteenth and twentieth centuries. For instance a wealth tax was introduced in Nertherlands in 1892, in Denmark in 1904, in Sweden in 1910, and in Norway in 1911; and 1922 in Germany. The colonial governments introduced property taxation in developing countries, for example in Africa during the twentieth century.

Before the advent of the British in Nigeria there had been some form of taxes paid. The country was divided into four major territories- Northern Provinces, the Southwestern

Provinces; the Southeastern Provinces and Lagos and Colony. There was an established system of direct taxation in Northern Nigeria even before the coming of the British. The North was favoured for this because it had a form of organized central administration under the Emirs unlike the south which except in few places in the west was not as organized. Furthermore, Islamic religion approved of taxation such as Zakka, Gada, Kindin, Kararat and Jangoli which were typical forms of taxes on agricultural products and livestock. In the early part of colonial rule before money economy became popular, the colonial administration employed the use of able bodied men and women could be considered as fair substitutes of rates, it was paid by direct labour. This primitive system later gave way in 1915 when the Assessment Ordinance was promulgated. This law was limited to the colony of Lagos in its application. In the year 1963, property rating extended to Eastern Nigeria. The more developed Southern States including Lagos State imposed rates on both land and improvements. The assessment was based on annual value. Other parts of the south embraced only land with buildings while Eastern and Mid Western States taxed only buildings.

This was an illuminating case of the adaptation of the form of the property tax to different economic and social conditions. Only the more developed southern states of Nigeria (including Lagos City Council) imposed rates on real property that were based on the value of "tenements". In Lagos, tenements were defined to include the value of land with or without buildings, while in other parts of the South they embraced only land with buildings, expressly excluding unimproved land. The tax in Lagos was based on the annual value of land and buildings. Only buildings were taxed in the Eastern States and in Mid- Western States. In the former, value was based on cost of construction according to what is known as the "Contractor's Method"; that is, the cost of construction per cubic foot is calculated for different types of buildings, and multiplied by the cubic capacity of the building to arrive at the estimated total value. The base was taken at five (5) per cent of this presumptive value.

The system in Mid- Western State, adopted in 1968, was the ultimate in simplicity. Urban land was divided into three categories depending on its location, and buildings were classified as concrete or mud; six ad hoc specific rates were then applied to these six categories. Neither the Northern States nor the Western States had a tax on "tenements," the former because of the traditional "community tax," which is a lump sum tax apportioned to each family according to its wealth.

Taxation of landed property, in developing countries is mostly administered by the local and state governments. It is an annual tax on real property. Landed property taxation involves those taxes imposed by law and payable by individuals, corporations, and other bodies in respect of interests or estates in real and immovable property. In its broadest sense, they include –petroleum tax, mining tax, mineral royalties, forest tax, severance tax, and others, Igwe- Kalu, (1998). According to Ogbuefi, (2004), the meaning of land may also include airspace over-flight rights, and rights to navigate through continental shelves. Generally, a property tax is administered through the uniform tax rate imposed on the assessed value of the property subject to tax. The tax rates frequently vary depending on the type or class of property being taxed. Property tax or rating involves two distinct operations, the first is rating valuation the other is rating administration**.** The property tax under study is a merger of Tenement Rate, Ground Rent and infrastructural Development and Maintenance Levy. It is an annual tax levied on both land and improvements on land.

Under the British rating laws, an occupier is rateable in respect of the property the person occupies but in Nigeria, owners are rated in respect of property owned. The elements of rateable ownership must apply to any property being assessed for rating. (Ogbuefi, 2004). They are:-

(a) Actual ownership

(b) Exclusive ownership

(c) Beneficial ownership

(d) Permanent ownership

A person is liable to pay if he claims ownership and enjoys the rights and privileges of an owner at the time of assessment. Secondly, if a person has legal rights to exclude all others from using the property. Thirdly, he must have statutory or customary rights of occupancy to the piece of land .For a property to be rated also, it must be of value or benefit. In addition to the element of rateable ownership, there are other principles which are considered in executing assessment of properties for rating purpose. The essence according to Ogbuefi, (2004) is to get uniform, specific and realistic rateable values of hereditaments.

2.3.2 Principles of a Good Property Tax System

Economists have categorised economic concepts that can be used to evaluate a tax system. They are founded on traditional Adam Smith's (1776) cannons of taxation in his book "*Wealth of Nations*". According to Igwe-Kalu (1998), these cannons evaluate the goodness or badness of a tax system. They are:-

a) Equity- fairness with respect to the tax contributions of different individuals.
b) Certainty- lack of uncertainty about tax liabilities.
c) Convenience- timing and manner of payment should be convenient.
d) Efficiency-A small cost of collection as a proportion of revenue raised, and the avoidance of distortionary effects on the behaviour of tax payers. The effect of the tax law on a taxpayer's decisions as to how to carry out a particular transaction or whether to engage in a transaction should be kept at a minimum. (The principle of neutrality).

Overtime, varying criteria for scrutinizing or evaluating a tax system emerged, property tax must be fair, equitable, set in simple language, be politically acceptable to the payers, consistent with the goals of promoting a stable economy, and put into consideration the ability to pay based on income. (Igwe- Kalu, 1998 ; Emeni, 2000; James and Nobes, 2000; Nightingale, 2001 and Ogbuefi, 2004). A tax system that satisfies these criteria would ensure equity, encourage compliance and improved revenue yields, on the other hand, an inequitable discriminatory tax policy administered haphazardly would breed opposition, non compliance, and also hostility. In the following section, requirements for the appraisal of a tax system are reviewed in the context of the concepts of ***Social equity, Consistency with economic goals,*** **Ease of administration and compliance, Revenue adequacy** (Ogbuefi,2004 ; Asaju, 2013).

2.3.2.1 Social Equity

This principle implies that a good tax is levied on each person according to his ability to pay and also where benefits received from the government can be identified and measured, the tax should be directly proportional to the benefits accruing to the tax payer. The legal element of coercion or use of force on the part of the tax collecting authority makes it essential that a tax system should be just and equitable (Asaju,2013).The principle of equity or fairness can be discussed under two principles, the' benefit' and' ability to pay' principles by O'Donnel and Maleady as stated in (Ogbuefi,2004 ; Slack, 2001). It is a measure of the efficacy of the tax system.

2.3.2.2 The Benefit Principle

In principle, the projected revenue expected from a property tax system is usually governed by the government expenditures. Every responsible resident should bear his or her share of government expenses because everyone derives benefits from municipal services provided by the government. Public services like infrastructural facilities can enhance or change the values of landed properties within the particular area. The benefit principle essentially requires that people should pay taxes for public services roughly in proportion to the benefits they receive from those services. Those who benefit more from these services should pay more in taxes. For instance, property owners in urban and semi-urban areas where land values appreciate due to community or government created values arising from acts of positive public works should be taxed higher. This shows equity because part of the government created values is recovered through increased taxes in such areas. Fees charged for use of bridges, road tolls and water rates are examples of taxes based on the benefit principle since individual payers pay for the actual amount of services consumed. Benefits as it relates to real estate cannot be easily measured but a trained and experienced Estate Surveyor and Valuer can use his professional skill to fairly assess the impact of these services on the property. According to Ogbuefi (2004), Community or government works can also create negative or adverse effects on an existing landed property and in such a case, the property owner should be compensated. Therefore, a property affected positively should be taxed more than the one affected adversely. Ahmed, Brosio and Poschl (2014), advocated the application of the benefit principle at the local level. They emphasized that the burden should fall on those who enjoy the services.

2.3.2.3 Ability to Pay Principle

The ability to pay principle is the individual's ability to bear the tax burden rather than the benefits that one receives from public services .The tax burden should be based on the level of tolerance of the sacrifice made by paying the tax. The implication being that taking same amount of money from a poor person and a rich person has more negative impacts on the poor therefore; some people pay more while others pay less than the cost of their benefits. A progressive tax system is always preferred because it reduces inequality in income because income paid as tax rises as income rises so it is in line with the social equity of taxation.

2.3.2.4 Equity and Fairness Considerations:

A good tax system is one that produces adequate tax revenue in an equitable and efficient manner. Traditionally, tax scholars have defined fairness in terms of horizontal and vertical equity.

Horizontal Equity: This requires that similarly situated taxpayers should be taxed similarly. In apportioning tax liability horizontal equity looks at the ability or capacity to pay. Taxpayers with equal ability should have similar tax burdens. For example, residents living in identical buildings in the same area will pay same tax.

Vertical Equity: This requires that taxpayers with greater ability to pay should face higher tax burdens than those with lesser ability. It assumes that a tax should be progressive, based on income or wealth to be fair. For instance, individuals with meager earnings should not be subjected to all types of taxes because they need all their resources to provide for themselves and their families.

In order for any tax to be acceptable to the public, it must be perceived as fair. The tax division of the American Institute of Certified Public Accountants (AICPA, 2007) also emphasized that equity and fairness are essential attributes of a good tax system and further recommends five other dimensions to be considered in determining tax equity and fairness.

- ***Exchange Equity and Fairness* -** For a tax system to achieve voluntary compliance and function effectively, taxpayers must have a positive perception of exchange equity. They must feel that in the long run, they will receive appropriate value for the taxes they pay. Exchange equity and fairness means that in the long run, government will provide adequate public goods and services to meet the needs of the populace. It also allows for the sharing of pooled resources in return for the promise of future benefits if and when needed. For instance, taxes paid by current workers are used to fund the benefits of retired workers, with the implicit promise that when today's workers retire, others will fund their benefits.

- ***Process Equity and Fairness***- Firstly, the political process gives the taxpayers an opportunity to influence how and to what extent they are taxed. Secondly, the tax system should include measures to enable taxpayers challenge the taxes assessed. Thirdly, tax administrators are expected to treat taxpayers with respect. Lastly, taxpayers should have some direct or indirect voice in how tax revenues are used. In a democratic government, when citizens elect representatives into legislative bodies in the national, state and local levels, they have an indirect voice in tax matters because these bodies are responsible for approving budgets and taxes necessary to fund the budgets. In some countries, taxpayers are given a direct voice in tax matters when property tax rates must be approved by referendum. Those charged with enforcing tax laws and collecting the tax should not abuse their authority. A safeguard to prevent abuse of power is a necessary condition for process equity in a tax system. Appropriate limits on the enforcement should be set. Methods of the procedures to appeal the amount of tax to be paid and appeals procedures or taxpayer rights should be made available to all taxpayers. Finally, taxpayers should be treated with respect and politely talked into meeting their tax obligations. Unfortunately, almost every tax payer perceives that he has no voice in tax matters. They believe that taxes are just made and imposed on them.
- ***Time - Related Equity and Fairness-*** This means that the total tax obligation should not be unduly affected by fluctuations in income or wealth. Inflation can erode equity when taxpayers pay higher marginal tax rates, not because of real growth in earnings but due to changes in general price level which has affected the value of the monetary unit as well as the relative value. . Property owners in areas with rapidly changing real estate can experience this, if for instance land based taxes are based on market values, whether or

not property owners intend to sell their property in the foreseeable future. Market values may either rise or drop before the property owner decides to sell his property. However, frequent changes to the tax law can also affect time- related equity and fairness by disrupting taxpayers' expectations and making them unable to evaluate the long term effect of the tax law and its overall equity and fairness.

- ***Inter- Group Equity and Fairness-*** This implies that no group should be favoured to the detriment of another without a good cause. For instance, when politicians protect their interests by exempting a certain group of properties from paying tax.
- ***Compliance Equity and Fairness-*** This means that all taxpayers pay what they owe promptly. Non compliance to tax laws weakens the perceptions of equity by the citizens. It increases tax administration costs, shifts tax burdens, and increases the tax gap. The enlargement of the tax gap could make legislative bodies raise future tax rates, borrow additional funds or reduce tax benefits.

2.3.2.5 Consistency with Economic Goals

Government imposes taxes on its citizens for a variety of objectives and tax policies should be in line with these objectives. Tax reforms should also consider these objectives. Property taxation should therefore be practiced in tune with the national economic goals of the country. The effect of the tax on the economy must be established. Nigeria for instance, has an acute shortage of residential properties both in the urban and rural areas and has a vision of providing housing for all in the year 2020.Therefore the tax structure should not be a disincentive to prospective residential property developers.

2.3.2.6 Ease of Administration

A question of whether the tax can be efficiently administered arises. Social Equity and consistency with economic goals in a tax system can only be achieved with effective administration of the tax by the government and the ease of compliance by taxpayers. It is important that administrative and compliance costs are kept as low as possible. James and Nobes (2000) observed that administrative and compliance costs tend to be higher with a complex system. Under a complex tax system more resources would be required for administering special provisions, differential tax rates and deterrent instruments. Similarly the taxpayer would spend more on understanding the complex tax structure and subsequently on attempts on tax evasion and avoidance. The costs borne by the taxpayer in attempts to avoid and evade the tax would create corresponding administrative costs to the taxing authority in trying to hinder the process of tax evasion. Given the increased administrative and compliance costs resulting from a complex system it is vital that tax system needs to be simple so that taxpayers can understand it , this will go a long way in reducing costs and improving public acceptability. Any tax structure should be designed with the objective of satisfying the requirements of the standard principles of taxation.

2.3.2.7 Revenue Adequacy

Buoyancy refers to the relationship between the revenues collected and the broader economic trends in the society. In general, a good tax system is considered to have a revenue growth that keeps pace with but does not exceed growth in the broader economy. It should be able to produce enough revenue without placing intolerable burdens on a particular group of people. One tax with the potential of raising sufficient revenue in developing cities is the property tax (Bahl and Martinez-Vazquez, 2007) .Increased revenue is mostly the major objective for taxation especially in developing countries and this is obtainable if tax authorities are accountable. Total tax revenue is determined by government tax policies and effective administration of the tax. The ability of the property tax to record increased revenue largely depends on the tax base, tax rates and administration, (Bird and Slack, 2002**).** Dillinger (1998) said it is a combined product of four factors, namely the completeness of the fiscal cadastre, level and accuracy of valuations, tax rate, exemption schedule and efficiency of collections .The importance of administrative capacity shows up most clearly in four areas: Monitoring land use, valuation, billing and collection and also appeals. Effective Administration can also be identified by a simple revenue potential model (Kelly,1994). These predictive variables whose cumulative performance ultimately determines the buoyancy of revenue yields as follows:

Tax Revenue--- Tax Base x TR x CVR x VR x CLR

Where TR= Tax Rate
VR= Valuation or Assessment Ratio
CLR= Collection Ratio
CVR= Coverage Ratio.

The assessment or valuation ratio is defined as the value on the valuation rolls divided by the market value of properties on the valuation roll. It measures the accuracy of the overall valuation level which is the percent of the market value being captured through the valuation process. It is used to induce acceptability of the tax system and reduce complaints about the assessment criteria, because it gives the taxpayer the impression that he is not being taxed for the full value of his property.

The collection ratio is defined as the tax revenue collected over the total tax liability billed for that year, measuring the collection efficiency. The collection ratio is affected by the collection of both current liability and tax arrears. The amount of tax collections should be identical to the tax liabilities.

The value of the collection ratio can be interpreted as a measure of the observance of the tax law and the ability of the authorities to enforce it through fines or even jail sentences.

According to Bahl and Martinez-Vazquez (2007), a normal value for the collection ratio in developing countries is around fifty percent (50%),which is explained mainly due to inadequate tax enforcement and can be as low as twenty percent(20%) in some cases.

Lastly, **the coverage ratio** is defined as the amount of taxable property captured in the fiscal cadastre, divided by the total taxable property in a jurisdiction. it is the proportion of all properties legally liable for the property tax that actually appear on the fiscal cadastre and have tax bills generated from them. It measures the accuracy and completeness of the valuation roll information.

This model shows that tax base is defined in government policy and varies between countries. The potential tax revenue is a function of the accuracy and level of the coverage ratio, the valuation ratio, the tax ratio and the collection ratio. These four ratios which are closely linked together establish the level of success of a tax system. It determines the effective tax rate and tax burden for each property, thereby affecting the revenue yield, economic efficiency and overall equity.

2. 3.3 Property Tax Features of a Property Tax System

2.3.3.1 The Tax Base

Real or immovable property is the basic taxable object in all countries levying property tax. It includes land, improvements to land and buildings. However, what is taxed depends on the country as established in the law governing property taxation. The base of the property tax is the value that will be used to allocate the tax burden to individuals, households and businesses. The choice of tax base is basically whether to adopt a value based approach or one that is not based on an estimate of property value (Youngman and Malme ,1994). The necessary policy questions in deciding the base of the property tax include:- What is to be taxed? Will the base include land only, immovable improvements only or both? What categories of property will be treated differently or exempted? It has been observed that high levels of exemptions tend to reduce the property base and should be discouraged. How are property rights defined and registered? What will be the basis of tax assessment? The central government usually defines the tax base definitions, although the local governments are sometimes given limited options to offer special exemptions and relief. In countries like Kenya, New Zealand, Bermuda and Jamaica, only land is taxed, in Tanzania and Ghana, only buildings are taxed. In Nigeria, in countries of South America, Western Europe, South Asia and others, both land and buildings are taxed. In South Africa, some local governments tax only land while some tax both land and buildings. According to Lincoln Institute of Land policy (2015), the tax base is the monetary values placed on taxable property by the tax authority. It is also given as the aggregate valuation of all taxable property less exemptions. Some countries tax only land and others tax both land and buildings (or "improvements"). Some countries also have other assets such as industrial machinery, business equipment and so on included in the tax base (Bird and Slack, 2002; Youngman and Malme, 1994). Most developing countries levy property tax on the value of land and buildings (or improvements) with minor variations in the classification of type of property such as 'agricultural and non-agricultural', 'urban and rural property', residential, commercial and industrial. Countries like Estonia, Ukraine, Kenya, and Jamaica tax land only, while in Tanzania for example only buildings or improvements are subject to taxation. (Bird & Slack, 2002; and Kayuza, 2006). The environment in which the tax is levied provides guidance on the tax base to adopt (land only or improvement only or land &improvement). It has been argued that land tax or site value taxation is best where the tax objective is to ensure efficient use of land, since a land tax will not affect the profitability of making investment on the land. But when site value taxation is considered for revenue generation, it is argued that the tax can only produce reasonable revenues only at very high rates of tax than a tax on land and buildings together.

This is because the base for land tax is smaller when compared to the value of land and improvement treated together. In the area under study, both land and improvements are taxed.

2.3.3.2 Tax Rate

Tax rate is one of the most important factors to determine a tax liability. Given a certain tax base, the tax liability is calculated by multiplying the tax rate and the tax base. The tax rate is the percentage of the assessed value of the property subject to tax. It may be fixed by law or determined on the basis of the budgetary needs of the taxing authority. It should be determined by the financial needs of the government, the extent or level of urbanization and the tax payers' ability to pay (Britton, Davis & Johnson, 1980; Ishaya, Dabo & Makama, (2012). Tax rates are sometimes completely determined by the local governments (Canada, Argentina, and Kenya). In countries such as Australia and Sweden, where property taxes are levied by national and state governments, the property tax authorities prescribe the tax rates to charge on property value. In countries like Denmark, France and Japan, the national governments dictate fixed limits or ceiling level of rates, the local governments are allowed to levy on property value. In the United States, the tax rates vary widely among jurisdictions. The method of determining the rates also varies widely but may be constrained under the laws of particular states. The tax rate can also be based on the expenditure and budgetary requirements; it is determined by dividing the total amount of money required from the property tax (jurisdiction expenditure requirement) by the total taxable value of real property in a municipality. Generally the tax rate can be designed either as a uniform rate or classified rate which apply different rates to property depending on property tenure, ownership or use. Often, governments use differential tax rates to discourage certain types of economic behaviour and to promote economic growth for example, undeveloped land in urban areas may be taxed at a higher rate to encourage owners to develop their properties. In most countries also, single- family, owner-occupied residences are favoured while non residential properties face higher rates. It is between 0.5% and 1% in most countries.

2.3.3.3 Exemptions

It is a common practice in every country to exempt some properties from the property tax base. These exemptions may be granted by the federal, state, or local governments. Exemptions or reduction of taxes on certain properties may be based on ownership (such as properties used for charitable purposes), or may be based on personal circumstances of the owner or occupier (such as age or disability), (Bird & Slack, 2002; Youngman and Malme, 1994). Property tax exemptions vary from country to country. Classes of property to be exempted but the common property types that are most often exempted from property taxation are in most countries stated in the law governing the property tax. They include educational buildings, churches and cemeteries, government buildings, public hospitals, public roads, libraries, foreign embassies, and property owned by international organizations. According to Youngman and Malme (1994) some countries such as the Nertherlands, Sweden, and the United Kingdom extend exemption to agricultural land, whereas forestlands are exempted from property tax in some provinces of Canada, France, the Netherlands, and Sweden and in some states in the USA. In some countries, exempted institutions make payments in lieu of taxes at a cost of public services provided by the government. This is practised in the United States, United Kingdom, Canada, Japan and Kenya. In Africa, according to Kayuza (2006) there are variations in terms of categories of property, conditions and extent of exemptions in different countries. For instance, countries like Botswana, Lesotho, Namibia and Swaziland in Southern Africa exclude tribal land from local property tax base. In Uganda and Tanzania, government does not pay tax. In Anambra State of Nigeria, exemptions are given for property owned by religious bodies for public workshop or religious education; Cemetries and Burial grounds; Non-profit making recognised and registered institutions (health, education etc); Public libraries; and Places of recognized Obas , Chiefs and traditional rulers. Partial relief or exemption (tax reduction) could be granted to non profit-making organizations for community games, sports ,athletics or recreation for the benefit of the public .Secondly, property used for a charitable or benevolent purpose for the benefit of the general public and owned by the state government, local government, federal government or non –profit making organization. It has been observed that developing countries tend to grant large exemptions and most of the properties exempted are of very high values and found in prime locations. This affects property tax revenue adversely.

2.3.4 Property Tax Administration

Ntamere (1982) has identified three principal steps involved in property tax administration; assessment; rate setting and collection. However, Dillinger, (1992) has further broken the steps into five (5) in this sequence; Discovery, Valuation, Assessment, Billing and collection. The ability of taxing authorities to efficiently and fairly administer the property tax should be established. The importance of administrative capacity shows up most clearly in four areas: Monitoring land use, valuation, billing and collection and also appeals.

Ishaya, Dabo and Makama (2012), is of the view that property tax administration is the most crucial stage of property taxation because any error or omission or commission during formulation and assessment shows in the form of objection and non-payment or non collection of tax. It has impact on revenue yield, tax efficiency and equity. The system often involves administrative discretion, so it can fall prey to corruption and abuse. The ability of taxing authorities to efficiently and fairly administer the property tax should be established. The importance of administrative capacity shows up most clearly in four areas: Monitoring land use, valuation, billing and collection and also appeals and the success of the property tax relies upon the efficiency of each of the components.

Tax administration exists to ensure compliance with tax laws. This has been long recognized by tax administrators, especially those working on tax policy in developing countries (Bird, 1989; Bird and Casangera de Jantscher,1992).

2.3.4.1 Property Identification

Property information should be available to enable the tax authorities identify property and determine ownership. The ability to determine the existence of each parcel of taxable property is fundamental for proper functioning of any property tax system. The success of tax administration largely depends on proper land registration and adequate documentation. In developed countries, identification of taxable property is facilitated with highly organized land regulatory systems. Cadastral systems in those countries are well developed, information on property ownership could be obtained from the land registry offices. In some countries like Denmark, Sweden, and Netherlands, all land related information is integrated into the computerized national cadastre. There is extensive coordination between land and property tax agencies providing for full tax coverage of all properties.(Youngman and Malme,1994). The collection of property information could also be done through field surveys or by self declaration as submitted by property owners.

Bird and Slack (2002) in their study of property tax around the world observed that the process of property identification is often more difficult in developing and transitional economies due to fragmented property information between the central and the local government, poor system of monitoring and recording land transfers, lack of funds to maintain a good record of property identification data resulting to non collection of tax on some taxable properties and lastly, non computerization of property records. Nuhu (2008) reported thus, Nigeria is endowed with a vast land mass of about 924,768sq.km but only three percent (3%) of the total land area can be tied to well documented record of the use and the user. Property tax administration in developing countries is largely hampered by the failure to develop and keep property records. Inadequate records result in difficulties in valuing taxable property and billing the taxpayers. Subsequently, property tax jurisdictions find it difficult to collect property tax as they lack sufficient information about the taxable properties as well as property owners who constitute the taxpayers.

2.3.4.2 Valuation and Assessment

Valuation for tax purposes provides the basis for distributing the burden of property tax (Dillinger, 1998). Tax assessment is seen as the most critical aspect of the administration of the property tax. Most often, the assessment is identified as biased and criticized for the inequities it creates. It should be transparent for the tax to gain public acceptance. Land and property can be taxed on its capital value, annul rental value, or based on property attributes In many countries property tax is based on market value of a property determined using the traditional methods of valuation and other developed appraisal techniques. Sales comparison method is mostly used in estimating market value while depreciated replacement cost and income approaches are used in some cases. The depreciated replacement cost method is usually employed to value properties where a property market does not exist or not active. Most developing countries adopt market value (capital value) as a basis of property tax with high reliance on the cost approach in determining the taxable property value. This is a result as inactive or less developed property markets. The Depreciated Replacement Cost (DRC) is also used in some provinces in Canada, in South Korea and for some property types in Netherlands and Sweden.(Youngman and Malme,1994) .The valuation function in developing countries is faced with problems of finance and technical expertise and also limited property information. According to Mbadiwe (1998), the replacement cost method should only be applicable in cases where no rent is passing on the property or there is no evidence of rents. Ogbuefi (2004) opined that it should only be used for a new building in a nearly stagnant economy. Revaluations are also necessary to absorb the effects of inflation. Fair and productive property tax requires a good initial assessment and also periodic revaluation to reflect changes in value. This is most times forestalled by lack of finance. It is most times difficult to keep assessments up to date due to lack of integration between different governments that are involved in property administration. For instance a property is sold and recorded in the land registry, notification should be sent to the fiscal cadastral system. If there is a change in land use or a building permit is issued, notification should be sent to the property tax department. Such processes are almost non-existent in developing countries like Nigeria.

2.3.4.3 Property Tax Collection and Enforcement.

Revenue production depends a lot on the billing and collection of the tax. Property tax collection involves sending out tax bills, either by mail or by hand, collecting the taxes or ensuring payment. In many countries property tax collection is the function of the local government while in some countries, the central government assumes the responsibility. In Britian , France, Isreal, the Netherlands and the United Kingdom the payment obligation rests with the occupier but in Nigeria, it rests with the owner of the property. If the property tax is not paid within a specified period after a due date, then interest and a late fee are generally charged. In cases of long term delinquency, the property might be sealed or sold to satisfy the tax obligation. Tax arrears reduce the revenues generated from the tax. Although tax arrears as a proportion of taxes collectible are low in most developed countries (for example three to four percent in Japan and U.K), they can be very large in developing countries (for example, fifty percent in Kenya, Nigeria, and Philippines .Tax arrears tend to be higher in countries that do not have sufficient resources or expertise to administer the property tax and where enforcement is weak .As stated by Abdulrazaq (1985):

> *"The problems of assessment are matched by difficulties of collection. Those who suffered a poor year economically, and who believe that the assessment was too high (at least in comparison with their neighbours), those who believe there is no need for fear, those who believe the taxes are being mis-spent, those who generally resent government-and especially those who belong to two or more of these groups will delay paying taxes as long as possible. Frequently, they succeed in avoiding paying at all-either by moving away or otherwise successfully avoiding the tax collector……"*

Kelly (1999) suggested that a comprehensive collection and enforcement system needs to rely on a combination of three mechanisms, firstly, incentives to pay, secondly, sanctions and thirdly, penalties. The buoyancy of the tax system will be negatively affected if the tax assessment machinery no matter how efficient is not equally matched by an effective organization and procedure which ensures that the tax is collected promptly.

2.3.4.4 Appeals

An essential element in public acceptance of the property tax is the appeal process. There is no tax system that is perfect either in design or implementation. Errors must creep into the best databases. Mistakes will happen, information could be entered into a computer incorrectly, or it becomes outdated. Tax administrators could make incorrect assumptions or judgments. Taxpayers can also make errors that would reflect on the tax system. Whenever, a taxpayer needs to correct some errors or respond to perceived unfairness, there must be a process available to taxpayers to seek redress by the tax system. One of the ways for resolving such appeals is to involve an independent panel of taxpayers who are not employed by the government. Normal courts are not used because judicial proceedings are always slow and expensive for the parties. The panels can objectively evaluate the claims of the taxpayer and the evidence of the tax authority. The decisions of the local panel can also be appealed in the courts if either party so chooses. In Nigeria, most of the rating laws provide for the establishment of an assessment appeal tribunal.

2.3.5 Basis of Assessment

Ad valorem property tax is based on the value of the taxable object. Generally, the tax which is fixed by law or determined in accordance with the agreed method is to be applied on the established capital (or market) or rental (or annual) value of the taxable property. In determining the appropriate method of tax assessment, there are two bases used, which are annual value and capital value (Harvey, 2000; Ogbuefi, 2004). According to Lent (1974), annual value is the notional rental value of real estate rather than actual rent. The owner is taxed on the rents from leased property; the notional value may coincide by chance with the actual rent paid. In commonwealth countries, the rent is prescribed by the statute as a hypothetical rent which an imaginary tenant might be reasonably expected to pay from year to year to an imaginary landlord for the tenancy of a dwelling. if the tenant undertook to pay all usual tenant's rates and taxes and bear the other expenses necessary to maintain the property in a state to command the rent. Annual value may be gross or net of allowances for costs of maintenance, depreciation, insurance among others.

The capital value in this respect is the amount of money which may be obtained for an interest at a particular time from individuals who are able and willing. It is the price arrived at under an open market normal financing, non- cohesive, non- monopolistic condition and by private treaty at a particular date assuming a willing seller and buyer, reasonable negotiation period, taking into account the nature of the property and the state of the market, with the property exposed freely to the market (Richmond, 1975; Millington, 1982; lfediora, 1993; and Kalu, 2001). Where market value is "the amount of money which can be obtained for a particular interest in landed property at a particular time from persons able and willing to purchase it, which is the estimate of benefits and satisfaction they will derive from the use and ownership of the property."

According to Oni (2010), when net annual value is the basis of assessment it is determined as follows: Gross annual value which is the yearly rent that a property might reasonably be expected to be let on a determined rate and with deductions made for maintenance and insurance and other outgoings to give the net annual value. In using the capital value basis, tax will be the value of premise if sold in the open market in a transaction involving a willing and able buyer and seller and provided that capital value equals net annual value capitalized at the relevant rate of interest.

Ogbuefi (2004) also emphasized that in applying annual and capital value basis, the fundamental differences between them should be observed. Annual value is the annual worth of the tenement while the other represents the total worth of the tenement. According to Dillinger (1992), administrative convenience should determine the choice of the basis to use. It should be the one which exploits the best market data. In other words, annual rental value should be used if the majority of property is held leasehold with an active rental market. If the property market is dominated by high levels of owner occupation and sales are predominant then capital value should be the basis.

According to Lent (1974), origins of rental tax are found in the customary terms of the lease when transactions in property itself were infrequent and there was no property market data. In areas where tenancy predominates like in many developing countries, records of rental contracts would appear to provide a more reliable basis for assessing property tax. This was emphasized by the Taxation Inquiry Commission for SRI LANKA which rejected a recommendation by Lady Hicks that annual value rating system be replaced with one based on capital value. The Commission contended that most properties in Colombo were let rather occupied by their owners; Capital value is more difficult to ascertain, since true selling price is rarely disclosed on the bill of sale and in areas where letting is not common the capital value basis is apt to cause undue hardship as property values bear little relationship to income. In another case, a seminar on local government finance(1966- 1969) sponsored by the U.N. Economic Commission for Africa suggested also that due to a general lack of rental evidence, a rating system based on capital value would be recommended. The value of buildings should be based on replacement cost and land based on the market value. Where the system of land tenure and dearth of Estate surveyors made land valuation difficult, a fixed amount per plot should be charged on land according to the zone in which it is located.

Some countries levy property tax on the basis of land area assessment or usable space with a charge per square metre or unit area (Bird and Slack, 2002).This is commonly referred to as area based assessment. Self assessment is another basis of taxing property which requires property owners to declare self assessment value of their property.

2.3.6 Methods of Assessment.

The different assessment methodologies for property taxation are geared towards the determination of the taxable value. Properties should be appraised objectively, equitably, and uniformly, since assessment of properties is the basis for the distribution of the property tax burden. Property assessment should be done in a consistent and accurate manner and property owners should understand how property is assessed and taxed to ensure compliance.(Ogbuefi, 2004;Umar, Kasim and Martins, 2012). UN-HABITAT (2011) recommends the property tax enabling law not to prescribe a particular valuation technique or procedures, since valuation methods change and evolve over time. They suggest that the valuation administration should be held responsible for a given result instead of adhering to rigid rules. An Estate Surveyor’s wealth of experience comes into play in this area, he is in the best position to choose the appropriate valuation method to be used for the property to be taxed. Youngman and Malme, (1994); Yiyi, (2011), grouped the methodologies into three- area based assessment, market value based assessment, and self assessment. The market value-based assessment according to him can also be divided into market and rental value methodologies. Slack (2013) grouped the assessment methods into unit based (unit and unit value) and value based (market value and annual rental) value. Norregaard (2013) classified them into systems namely, rental value systems, capital value systems, land or site value systems and lastly area based systems. There are also profit method, output method and the use of mass appraisal method.

2.3.6.1 Area Based Assessment:

An area based assessment system, levies charges per square meter or unit of land area, unit of building (or usable space), or some combination of the two. It ranges from a “pure” form based only on physical area to hybrid forms that aim to better capital value by using also other inputs such as zoning and indicators of quality. For instance, an individual property value might be adjusted to reflect the location and the average values of properties within a particular zone in the city rather than the characteristics of the individual property. According to McClusky and Trinh, (2013) such approaches are used in Serbia, Estonia, Hungary, Slovakia, Czech Republic, Poland, Central and Eastern Europe. Where measures of area are used for land and buildings, the assessment of the property is the sum of an assessment rate per square metre multiplied by the size of the building. The assessment rates may be same for land and buildings, or they may be different assessments as commonly used where the absence of developed property markets makes it difficult to determine market value. It is a simple, transparent system but not generally considered a fair tax not directly linked to the ability to pay principle and may not realize much in terms of revenue since it may not be able to track market price developments.

It also has the problem of what to include for tax purposes. For instance, spaces like elevator and staircase spaces, and also structural elements such as decorative beams. Another problem is how to allocate shared facilities such as common entrance, halls exits etc among owners and tenants, it is in use in Central and Eastern Europe where there is an absence of a developed property markets and also in parts of Germany, China, Chile, Kenya and Tunisia.

2.3.6.2 Market Value Assessment:

Market value or (capital value) assessment estimates the value that the market places on individual properties. Market value is defined as the price that would be struck between a willing seller and buyer in an arm's length transaction. Where it is possible to use market value, it is generally regarded as a better tax basis. First, the benefits from services are more closely reflected in property values than in the size of the property. Secondly, market value has the ability of capturing the amenities of the neighborhood. Area based assessments are unlikely to capture these amenities because they do not take into account differences in quality of buildings nor the location. Consider, for example, the taxes paid by two properties of identical size and age but in different locations. If one is located in a slum and the other in the central business district. Under an area -based assessment system, both properties would be levied the same property tax. Under a market value –based assessment system, the property in the central business district would pay higher property taxes.

Thirdly, market value –based assessment places greater burden on high income taxpayers than low income taxpayers when compared to area-based assessment. The reason is that average and high income earners tend to concentrate in high brow or high income neighbourhoods or areas than in low income neighbourhoods. An area based –tax charges all properties of the same size the same amount, whether they are in a high income or low income neighbourhood. Similarly, older properties in a bad state of repair but with a large floor area will pay relatively high taxes. Furthermore, if a poor neighbourhood becomes richer, there would be no tax change. Such a tax system that fails to take account of changes in relative values overtime will result in inequities or unfairness.

i. Market value assessment is used in all “Organisation for Economic Co-operation and Development”(OECD) or developed countries and also in Indonesia and Phillipines.. A variation of the market value approach is used in the United Kingdom. Under the British council tax, the value of each residential property is assessed and placed on a valuation list in one of the eight valuation bands. The value assigned to each property only indicates the valuation band and not the actual value of the property. A change in house price does not affect the banding rather, individual properties can only be re-banded only if the local area changes for the worse, and all the homes in the area may be placed into a lower band. If a house is sold, it will be re-banded only after it is sold. If also a home decreases in value because part of it is demolished it may be re-banded immediately. The following methods or approaches are used to estimate market value:

a: Comparable Sales Approach

The comparable sales approach is used widely with residential properties largely because of the general availability of data. In using this approach, the analyst gathers data on similar homes that have been sold in the recent past and makes appropriate adjustments for any differences that might affect value. The fundamental logic behind the approach argues that no buyer would pay more for a house than what similar houses are selling in the current market. If a seller demands a higher price, the buyer would simply purchase one of the other homes. In considering the rates to be applied, the percentage should be such as to bring the annual figure close to the rental value. It should be in line with the basic cannons of taxation, not too high or low. Benjamin, Guttery and Sirmans (2004) explain that market comparison approach based on sale prices has several limitations. It is based on past trends (i.e historical data of recent sales), rather than current data or forecasts and the past does not necessarily represent the future. Secondly, the adjustments done in the comparison method can be very subjective.

Capital Market Value based on comparable sales.

Taxable value is determined by the capital market value of the property.

- Gather market sales data from properties that were sold recently. Include sales price and property attributes. Verify that sales data is for "arm's length" transactions and that no special conditions applied.
- Collect land area, building area and building attribute data for each land parcel.
- For each property to be valued, identify a set of similar properties that have recently sold.
- Adjust the sales data for any remaining differences between the property being valued and the comparable properties.
- Estimate the market value of the property being evaluated.
- Calculate the taxable value from the market value as provided by the policy.
- Apply the approved tax rate to the taxable value to obtain the tax payable.

b: Income or Annual Rental Assessment.

The rental valuation method is of two types: direct and indirect rent valuation.

(i) **Direct Rent method:** This is valuation by direct reference to rent paid in the subject property while considering the fairness of the rent as at the date of valuation, and the terms of the tenancy.

(ii) **Indirect Rental Valuation:** This is a valuation by reference to rental evidence collated from comparable properties within the property neighbourhood. It also requires some adjustments to bring the property in conformity with the comparable. The following are usually considered;

- Age of comparables
- The physical state
- The design and finishing
- Location and accessibility
- Services
- Date of tenancy

The usual valuation practice of estimating necessary deductions/additions to bring the comparables in conformity with the property under valuation is adopted. In theory, tax on rental value should be same with a tax on market value but in practice, rents reflect current use and not highest and best use. In countries where there are rent controls for instance India, it is difficult to estimate the rental value. It is used in Australia, United Kingdom (for non – residential property), Thailand, Malaysia, Singapore and Hong Kong.

Capital Market Value based on the Income Approach.

The premise of the income or rental approach is that all property, but especially commercial and industrial properties, represents an investment, an investor expects some positive return on his investment. Therefore, no buyer would pay more for a property than the present value of the cash flow the property would generate, discounted at the investor's required rate of return.

- Gather market data on the rate of return required by property investors.
- Collect expected cash flows on properties to be evaluated. This can be done by either requiring the taxpayer to submit a property tax return that includes historical and perhaps estimated future cash flows, or it can be done by collecting rental values for similar properties.
- For each property to be valued, estimate the expected cash flow after operating and maintenance expenses, but excluding financing costs and any taxes.

- Calculate the market value as the present value of the expected cash flow using the appropriate estimate rate of return.
- Calculate the taxable value from market value, if the two differ by policy.
- Apply the approved tax rate to the taxable value to obtain the tax due.

b: The Replacement Cost or Depreciated Capital Value:

This method is very unpopular in the assessment of property tax and should only be used where there is no rental evidence or market value or where it cannot be ascertained or it is inconclusive.(Kayuza ,(2006); Abonta, 2013). It can also be used as a last resort in cases where profit method should be used but no reliable accounting methods are available. The methods relies on the principle of substitution which states that no rational person will pay for a building more than what it will cost him to acquire land and construct a similar building of equal desirability and satisfaction. It is also assumed that the rent will be the annual cost to the hypothetical occupier of the alternative building. The assessment is to determine the proportion of cost of building and land that could be charged as rent in line with statutory definitions.

Determination of Effective Capital Value:

There are five stages established for this purpose by (Abonta, 2013).

- Stage 1: Estimate construction cost (preferably a new substitute)
- Stage 2: Make the necessary deductions/adjustments for age and obsolescence etc. to arrive at the Effective Cost of Building (ECB).
- Stage 3: Estimate the cost of the land"rebus sic stantibus" which added to the effective cost of building to give Effective Capital value (ECV).
- Stage 4: Apply a de-capitalization rate based on market survey and analysis or a statutory rate to arrive at the Gross Annual Value (GAV).

- Stage 5: Review other considerations in the assessment such as accessibility, services, and others to arrive at the Net Annual Value (NAV).

Each of the stages requires intricate market survey and analysis to arrive at the figures/rates to be used to get effective capital value and net annual value.

One of the criticisms of the capital market approach to value is that the land and property tax based on capital market value tax unrealized gains in property value. The concept of capital market value is not concerned with what the property owner actually paid for a property or how long it has been in his possession. The standard it seeks to find is what the property would sell for on the open market on the designated tax date. An annual property tax based on capital market value will identify and tax all of the property value, and also incremental value that the property owner can only realize if the property is sold. This can result in taxpayer resentment. An alternative approach to value that avoids this political challenge is the Annual Rental Value. The definition of value under this approach is the typical rent or lease payment that would be required to obtain the exclusive right to occupy and benefit from a property. It is usually defined as the "rent at which a property might reasonably be expected to let from year to year if the tenant undertakes to bear the cost of internal repairs and the landlord bears all other reasonable expenses necessary to maintain the property in a state to command that rent". Annual rental value is thus clearly related to market conditions but it reflects current land use rather than how the property might be used if sold on the open market. Suppose for an example, a particular property is currently used for a residential purpose, but if it were sold on the open market, it would most likely be converted to a commercial use. In such a case, the capital market approach would value the property for its commercial potential, since that is what a likely buyer would be planning. The annual value approach would value the property at its current rental value, based on the current residential usage.

2.3. 6.3 Self Assessment

There are several kinds of self assessment. One needs property owners to place an assessed value on their own property. The other as it obtains in Thailand requires taxpayers to submit a self declaration form of their properties and then local assessors will identify how well the self declared value matches their data. In Hungary, Bogota, Philippines, and Thailand for example, the current local tax system is based on the principle of self identification where taxpayers report their tax obligations to the local tax administration. In practice, the responsibility of self registration is not particularly effective because most owners do not comply. Consequently, the number of potential taxpayers or taxable assets is generally unknown. The self assessed value is also subject to verification by the tax authorities. Nonetheless, self assessment is an appealing procedure to poor countries with little administrative capacity. It does not require assessment staff, and it is relatively easy to implement. The obvious problems of under-assessment associated with the system, however can be minimized by obtaining expert assessments of individual properties in cases where the self assessment is believed to be inaccurate.

2.3. 6.4 The profit Test (method)

Some property types are rarely let in the open market and such have insufficient rental evidence. Where such property is used for profit making business like hotels, filling stations and others, the use of Profit Method, otherwise known as Account Method for rating assessment will be applicable.

The principle behind the method is the ability of the property to provide the occupier(tenant)income from the occupation that will compensate them sufficiently for operating the business concern, in addition provide them a surplus which they will be prepared to pay for the right to occupy the property(rent) from which the taxable value is derived. Simply put, the method consists of taking the gross income from the business and deducting purchases to produce gross profits.Net profits is then derived by deducting working expenses, repairs and renewals. The net profit is known as the divisible balance which goes for the tenant's share (Remuneration and interest on capital) and the rent (Landlord's share), same as the taxable value.

Though the account of an actual occupier is to be used but the account is treated as that of a hypothetical occupier based on market data.

- Previous years audited account should provide the basis.
- Take into account any changes in the property or the surroundings including the business between the date of the last account and the year of valuation.
- Ensure that only average expenditure is captured.
- Exclude ground rent, mortgage interest and anything bothering on tenant's remuneration or interest on capital from working expenses.

2.3.6.5 The Formula & Output Method

The formula method is derived from and provided by the law on property taxation within the area of the taxing authority, specifying rates and types of properties on which they are applicable. The formula method is the method of assessment of the Land Use Charge of Lagos State. The output method is only applicable to mineral producing properties and the rates are also provided by the statute. Such mineral properties are valued to the net annual value by adding the taxable value of the plant and the buildings in the property to a percentage of royalty accruing from the mineral extraction annually.

2.4 GIS / Fiscal Cadastre

Geographic information system (GIS) is a computerized system for capturing, storing, checking, integrating, manipulating, analyzing and displaying of data which are spatially referenced towards an effective decision making. Olaniyi, Udoh, Oyedare and Adegoke, (2006), see GIS as the science and technology used for the acquisition, storage, analysis, manipulation and dissemination of geoinformation. GIS enables professionals in real estate to measure the real impact of location. It enables them to make appropriate judgments in areas like appraisals and market analysis, property tax assessments, site selection, property management, portfolio management and so on. When GIS and multimedia functionality are embedded into the MLS software, real estate information could be displayed in a map format for conducting searches on the basis of user specified property and neighbourhood characteristics. The benefits of the application of GIS in the management of Estate information include quick and easy access to large volume of data about the Estate, customized mapping, capability of speedy updating and answering complex land related questions. A cadastre is a register of parcels of land, (Hopfer, 2003). Enemark and Sevatdal, (1999) defines cadastre as a parcel based and up to date land information system containing a record of interests in land. It includes a geometric description of land parcels linked to other records describing the nature of the improvements. It can be established for fiscal purposes (valuation and taxation), legal purposes (Conveyance), to assist in the management of land and land use planning. Developing a cadastre involves the use of hardware, software and procedures in capturing, processing, analyzing, modeling and presenting geospatial data. In setting cadastral information system, Pindiga and Orisakwe, (2013) outlined two main issues to be considered as:

1) Spatial component or survey data which describe the spatial disposition of the parcel in the real world cadastral maps.
2) Non spatial component describing details such as ownership details.

Fiscal cadastre contains tax related information. Properties are identified by the cadastral parcel number and information about buildings are complied by the fiscal cadastre which include identification number, address, owner (name and address), land description and boundaries using cadastral maps(area, quality), building description (areas, age, installations, materials etc), type of property(residential, commercial etc),market information(sales, prices, rents), estimated market value and then tax. These form the information base for the taxation of properties. The different parts of the fiscal cadastre are used in the different administrative procedures involved in property taxation. The market information (sales, prices, rents etc) are used to determine the current market value of different types of property. This knowledge is then used to estimate the value of the property based on the description of the property. The estimated market value is used to calculate the tax while the name and address of the owner is used for mailing of the tax bill.

The first attempt at using GIS for property taxation was in Lagos. Under this system, a comprehensive digital map which contains the details of the parcel area and building area as taken from space is used. Field enumerators reconcile what they see on site with what is on the map. A plaque with the pin code inscribed is affixed to the property for identification. Physical characteristics and other attribute of the property like number of floors, ownership details, type of use, quality of construction materials, state of repairs and general condition of the property are supplemented by physical enumeration because the system cannot capture vital information required for valuation, billing and collection.

2.4.1 Maintenance of the Fiscal Cadastre

The fiscal cadastre gives an estimate of the value of all taxable properties at a given point in time. It should be updated frequently to be able to capture the growth in the tax base. This growth could be in the form of changes in property characteristics, new parcels or construction come into existence, existing buildings improve, ownership changes, etc. All these changes must be incorporated in the fiscal cadastre to be able to maintain comprehensive tax coverage. The cooperation of other agencies of the government is needed to achieve positive results. The Ministry of Lands, Survey and Rural development should notify the tax authorities when new parcels are created, new buildings are being constructed or existing ones are improved and when ownership changes. This has not been successful in developing countries because most transactions are done illegally and even where formal procedures are adopted the agency in charge do not deem it important to supply the information to the tax authorities.

2.5 Tax Education/ Awareness

Taxpayers' education is a way of reaching out, to inform and make the people understand the whole process of taxation and why they should pay tax to foster an overall" culture of compliance" based on rights and responsibilities. It is a tool designed to enable taxpayers to understand tax laws and procedures. Kelly, (2000) states that taxpayer education programs are necessary to ensure that the underlying reasons and the procedures for the property tax are fully understood by the taxpayers. Erisksen and Fallan, (1996) also reveal that an important means of ensuring voluntary tax compliance is to provide more knowledge so as to improve peoples' perception of the fairness of the tax system. The inability to understand the taxation system leads to less compliance because people will avoid it since they do not understand what they should pay and why they should pay. Taxpayer education is the link between tax administration and the citizen. According to Enahoro and Jaiyeola, (2012) the unfriendliness in our present tax system is caused by inadequate information to taxpayers and the general public, poor communication between taxpayers and administrators, multiple taxation, aggressive and unorthodox ways of tax collection, and insufficient and inappropriate use of tax revenue.

Tax evasion in developing countries reflects a low fear of punishment; limited tax enforcement by the tax authorities; lack of awareness of the tax, lack of transparency and access to public information; lack of confidence in the manner the state collects taxes or uses revenue to benefit the citizens. This lack of trust in government institutions and low satisfaction with public services weakens the civic culture and undermines compliance. Tax authorities should be aware that it is very difficult to change a tax culture without education at an early stage or without citizens voluntarily embracing tax payment. In order to develop a good tax system the people should have the right to access all information relevant to the tax; they should know their responsibilities and rights in a tax system. All processes should be open and understandable to the public, the fiscal cadastre should be available for public inspection and the methods used to arrive at the taxable value should be clear and open. Tax bills should be open to the public so that any taxpayer can compare their tax bill with similar properties. Tax delinquencies should also be publically exposed.

This information should be provided regularly, at the appropriate time and through appropriate communication medium. If this is done, taxpayers will be better disposed to comply. The OECD, (2004) pointed out that if taxpayers do not understand what their obligations are, any intervention to enforce compliance will be perceived as unfair. It is therefore vital to make taxpayers' obligations clear by being transparent, easy to understand, simple and non- confusing. It suggests that the following issues need to be considered:

- Is the law clear? If not, is an amendment or additional legislation required?
- Are the administrative requirements clear?
- Are clear interpretative products, such as interpretative rulings, readily accessible?

- ❖ Are there clear information products available, at relevant levels of detail, in the language of the taxpayer? Are these products accessible in the taxpayers 'channels of choice (web based, paper based, CD-Rom).
- ❖ Is there adequate communication and marketing of the information available? Has this included publication in relevant industry or community vehicles?
- ❖ Are effective support services available to meet taxpayers' needs? (Telephone enquiry services, web services, educational field visits and so on)
- ❖ Are there opportunities to remind those potentially at risk of what their obligations are?

These point out the importance of educational products and related customer service facilities in tax education. This provides taxpayers with the information they need to understand their rights and responsibilities. The information products should be tailored to meet the needs of the different taxpayers. The following, are taxpayer education activities developed by some countries according to OECD, (2013).

- Korea holds lectures for its citizens to explain how the tax system works.
- South Africa using mobile vehicles brings tax information to the people in rural areas.
- Zambia's weekly radio programme, Tax chat, allows taxpayers to call in and ask questions.
- Turkey runs a nationwide multi- media marketing campaign to show taxpayers and potential taxpayers how to use the pre-filled e-tax return for rental income.
- Jamaica and Kenya inculcate a tax paying culture among future taxpayers through fun and engaging programmes for children using its Schools Tax Education Programme (STEP) and Schools Outreach Programme respectively.
- Bangladesh provision of informative website and setting up of call centres to answer taxpayers' queries, calculate tax liabilities or returns and so on.

- Service centres to provide taxpayer education programmes through the television, radio and newspapers, seminars, workshops. Display of banners, posters, billboards at strategic places
- Distribution of leaflets, brochures, tax fairs and online calculator to inform taxpayers of their payable tax.
- Estonia educates its taxpayers on how to pay taxes through its new e-tax / e- customs electronic environment.
- Bangladesh celebrates National Income tax day on 15 September every year.
- Guatemala's annual citizen culture festival "Strength Lies in Numbers" uses musical events, talent shows, plays and stands to inform citizens of the social significance of taxes.
- Senegal launched annual National Information days in 2008 to tackle citizens' lack of knowledge of tax regulations and non tax compliance.

As part of the Lagos State tax education programme, the Lagos State Internal Revenue adopted public enlightenment by using Radio, Television, Newspapers, Bill Boards, and Distribution of T-shirts among others. With the following messages:

a. A secure, safe, beautiful State with adequate social amenities, job opportunities and empowerment programmes. This is only possible when you **PAY YOUR TAX;**
b. "IT IS YOUR DUTY, IT IS YOUR CIVIL RESPONSIBILITY AND IT IS THE LAW". Olowookere and Fasina (2013).

The Land Use Charge of Lagos State also has a website which educates the people about the tax. Anambra State Property and Land Use Charge (APLUC) adverts can be seen on billboards, handbills, radio and television jingles and documentaries.

2.6 Tax Payer Attitude and Perception of the Tax

Attitudes are the positive and negative evaluations or general feelings that individuals hold of things. It has been held that tax mentality; feelings of tax tension, and tax morale were the three psyches that together made up a taxpayer's attitude. (Mckerchar and Evans, 2009). The more positive the taxpayer's attitude towards paying tax, the greater the level of co-operation with the tax authority and the more the willingness to pay the tax. Favourable attitudes will contribute to trust in the authorities which will bring about voluntary compliance. Tax attitude can be affected negatively by fiscal ignorance and threat of sanctions and in general depends on the perceived use of the tax revenue. (Kirchler, Hoelzl and Wahl, (2007). Most taxpayers are not able to assess the exact value of the benefits they receive from the government in return for taxes paid. A taxpayer's behavior is greatly affected by his assessment of the accountability of the government. The taxpayer's needs and ability to pay according to Chan and Lueng , (2009) are the most significant variables related to his perceptions of fairness of the tax system. The dilapidation or non-existence of public services or infrastructure raises taxpayers' perception of exploitation by the government and promotes tax resistance. In Malaysia, the taxpayers' perceptions cut across differences in income, levels of education, and ethnic groups with culture being a powerful environmental factor that affects tax compliance. Umar, Kasim and Martin, (2012). Bird and Zolt, (2003) also observed that citizens comply with tax laws to an extent because they accept the state as legitimate and credible and willing to support it. Attitude is a strong determinant of tax compliance behaviour and most times, attitude towards tax evasion is most times found to be positive. Taxpayers in Tanzania according to Fjeldstad, (2001) see few tangible benefits in return for the taxes they pay. Development activities are not undertaken and the existing ones are moribund or producing below expectations and this in turn promoted tax resistance. Akinnaso, (2013) stated that property taxation is a vexing problem everywhere in the world.

He reiterated that Nigerians avoided paying taxes in the colonial times because some could not afford the tax, some were resentful of the government's impositions and some just kicked against new laws. In contemporary Nigeria, it became a case of people not understanding why they should pay tax when they provide all the basic amenities they need. Secondly, lack of trust for the government and the public officials who administer the tax because of the way they squander the nation's funds with so much impunity. Similarly a Zimbabwe tax study by the African Forum and Network for Debt and Development (AFRODAD) finds that because of rampant corruption in government, many people do not pay taxes as they see this as just enriching corrupt government officials. Kumar, (2014) also noted that corruption and tax evasion are closely linked. He emphasized that official public sector corruption deters tax compliance.

Thirdly is the general lack of patriotism caused by the actions of the leaders. The disappointment felt by Nigerians could have robbed them of the sense of patriotism for the country.

2.7 Tax Reform

The property tax is the tax everyone hates according to Rosengard, (2012).According to Kusi,(1998) tax reform means a deviation from some given status quo. The essence is to enhance the property tax's strengths and mitigate its weakness. This movement is expected to be more beneficial by increasing both revenue and social welfare. Countries always tend to review the originally designed property tax but cannot still do without the tax because of its advantages. Tax payers feel that tax is fair only when they can understand the basics of how the tax is calculated, feel that they are been treated similarly to their neighbours who have similar properties and are able to see the connection between the taxes they pay and the services they receive from the government. This might be a rationale for tax reform. It could also be for increased tax revenue, economic efficiency or administrative cost effectiveness on the part of the government. It is more than a 100 years since the reform of the property tax became the centre of legislation, litigation, academic analysis and popular discussion (Reeb and Tomson,1985). A number of countries, developed and developing have attempted a property tax reform, although most of the reforms have been unsuccessful. Bird and Slack (2002) observed that the nature and extent of reform has been different from one country to another depending on what the reform has set to achieve. No matter the rationale for the reform, it should also be harmonized with other economic and inter-government fiscal policies to enable it build on existing political support (Kelly, 1994). Bird and Slack, (2002) also observed that the property tax is a politically sensitive tax because of its direct nature therefore any haphazard restructuring of policy and its implementation without regard to existing structures or apparatus would provoke resentment, non-compliance and opposition among the tax payers (Babawale and Nubi ,2011). Successful reforms require the support, commitment and comprehension of municipal and national politicians, officials and taxpayers. Franzsen,(2002) emphasized that before tax reforms are implemented, the goals must be clear and attainable, the capacity to assess properties, and to collect and enforce the tax must exist and be maintained. He also states that taxpayer education is critical to the success of the tax reform and if it is perceived as unnecessary and illegitimate, it is bound to fail. The essence of tax reform in most developing countries is revenue generation, so successful property tax reforms are usually ‘collection driven’ rather than ‘valuation-pushed’ for instance in the case of Indonesia . The tax base should be inclusive as much as possible, exemptions and exclusions should be kept at a minimum. Below is the recent property tax reform efforts by some selected countries reproduced from Norregaard, (2013) and Olabisi, (2013).

- Niger in 2008 reduced its tax rates by about half, from 7 percent, 12 percent and 20 percent of rental value (different rates based on use) to 5 percent and 10 percent of the rental value, and from 2.5 percent of property value to 1.5 percent of property value.
- Cameroon in 2006 made changes in its General Tax Code from one in which the calculation of property tax rates was based on the surface area of the property to one based on the property value and fixed the rate at 0.11 percent.
- Namibia recently introduced a central government land tax on the value of agricultural land (with a basic rate of 0.75 percent) to supplement the existing municipal tax on urban property, with the primary aim of encouraging efficient utilization of agricultural l
- Cambodia introduced a new property tax in 2011, in principle based on assessed market values of land and buildings.
- Vietnam adopted in June 2010 a new area-based tax on non-agricultural land (excluding housing) and is considering further reform in this area.
- Ireland abolished the residential property tax in 1997 (leaving the local 'rates' on commercial property as the only recurrent property tax). A new market-value-based property tax is expected to come into effect in mid-2013 to replace the annual household charge of €100 put in place on January 1, 2012 as part of a broader fiscal package.
- Egypt adopted a new real estate law with a rate of 10 percent applied to estimated rental income, effective 2009 but with a delayed application until 2012.
- Several Caribbean countries are contemplating introduction or strengthening of property taxes, in part because their highly open economies are exposed to regional tax competition.
- El Salvador is one of the few Latin American countries (together with Paraguay and Costa Rica) at present without an immovable property tax, but is considering introducing one.

The experiences of the developed countries should be an opportunity for developing countries to learn and adopt key lessons in their reform process, but there is a great need for utmost caution and restraints, considering the peculiar legal, political, economic, social and institutional history and environment of each country.

The 3rd Annual conference of the international Property Tax Institute held in Cape Town, South Africa in June 2000, pointed out that "many African Countries are struggling to adopt outdated or inappropriate colonial property tax system to cope with modern demands and unique land tenure system. As Kelly, (1994) also suggested, each country must provide its own answers to question as; what is to be taxed? Who is liable? The tax basis and method of valuation appropriate? What is the tax rate and structure? What is supposed to be the responsibilities of local, state and federal governments in policy and administration? The first step in any property tax reform is to carry out analysis of the existing property tax system to find out the major limitations or constraints for necessary amendments. Enid and Slack (2013), emphasized that a look should be taken at the tax policy (tax base and tax rate) and tax administration (identification, valuation, billing, collection and enforcement) if the reform is for increased revenue. The exemptions should be minimal and government properties should make payments in lieu of tax so that the tax base will not be narrow. The tax rates should be differentiated according to the property class, most times, single family properties and agricultural properties are favoured. Tax administration has a great impact on revenue, efficiency and tax equity. The elements of Administration (property identification, description of the property and the amount of assessment, issuing tax bills, collection of taxes and dealing with tax arrears) must be linked together and their performance determines the success of the tax system.

2.8 Property Taxation in Selected Developed and Developing Countries.

Property tax or land tax as variably referred to in different countries, is basically the same terms of taxation objectives but there is variation in terms of the base on which the tax is levied. The practice adopted by any country has no relation to the level of development of the country. Some countries levy property taxes while others levy land taxes, but the motives behind the taxes remain the same. Below is shown the practice of property taxation in some selected countries according to Asaju ,(2013).

Australia: Australia has a property tax known as property or land rate. The rates and frequency of payments are determined by the local councils. Land Valuers in the employ of these councils determine the worth of the land only. It does not include improvements on the land. The assessed value of the land determines the total charges of rates. The rates range from $100 per quarter, but frequency varies by locality.

Canada: Many provinces in Canada levy property tax on real estate based on the current use and value of land. Rate of the tax varies among municipalities in a province but the property assessment or valuation criteria remains the same as laid out in the provincial legislation. There is a trend to use a market value standard for valuation purposes in most provinces with varying re-evaluation cycles. A number of provinces have established an annual reassessment cycle where market activities warrant, while others have longer periods between revaluations. The province or municipality may also implement measures that affect the actual taxes paid on property.

Chile: Land property taxes called “temtonal tax” or” contributions” are paid annually in four payments during the year. The rate varies between 1 to 2 percent of the fiscal value, depending on the use of the property (agricultural, habitation or commercial). The fiscal value is determined for each property by the internal tax service, based on the land area and built area, the value of the construction materials, age, use and distance to commercial areas.

The fiscal value is usually lower than the market value. All properties used for business are taxed while non- business properties valued below a certain fiscal value are exempted (currently about $33). Taxes are collected by municipalities and a share of the received income is contributed to a ”common municipal fund” which is then redistributed back to all municipalities according to their needs.

Denmark: The property tax in Denmark is one percent (1%) for property valued at less than DKK3 million and three percent (3%) for property valued above DKK3 million.

Hongkong: The property tax in Hongkong is not an ad valorem tax; it is actually classified as income tax. According to the Hongkong Inland Revenue Ordinance IROs5B, all property owners shall be subject to this tax, unless the property owner has received a consideration. For instance, the property tax is computed on the net assessable value at the standard rate. The income received is the assessable value and the period of assessment is from 1April to 31march of the following year. Net assessable value= 80% of assessable value.

Property tax payable=Net assessment value x property tax standard rate.

Assessable value =Rental Income+ Premium + (Rental bad debt recovered – Irrecoverable rent) –Rates paid by owner.

In early 2013, a new special property transaction tax (the buyer’s stamp duty) was introduced, at 15 percent of the transaction price covering non- local buyers and all corporate buyers; it is aimed at curbing speculation and high property price appreciation.

Jamaica: Tax is paid the same way as a mortgage. It is an annual payment depending on the value of one’s property.

India: Property tax or house tax is a local tax imposed on owners of landed properties. The tax power is vested in the states and it is delegated by law to the local bodies, specifying the valuation method, rate band, and allocation procedures. The tax basis is the annual rental value (ARV). Owner-occupied and other non-rent producing properties are assessed on replacement cost and then converted to ARV by applying a percentage of cost, usually six (6) percent. Vacant land and properties of foreign mission are generally exempted. Central government properties are also exempted but a" service charge" is permissible under executive order. The property tax is always accompanied by a number of service taxes for instance, water tax, drainage tax, conservancy(sanitation) tax, lightening tax, all using the same tax base. The rate structure is flat on rural properties, but in the urban areas it is mildly progressive.

Ireland: A local property tax came into effect in the Republic of Ireland on 1 July, 2013, which is collected by the revenue commissioners. The tax will be on residential properties, with the owner of a property being liable. The tenant becomes liable in the case of leases over twenty years. The revenue will be used to fund the provision of services by local authorities. Such services currently include public parks; libraries; open spaces; planning and development; Fire and emergency services; maintenance, street cleaning and street lightening. The tax would be based upon the market value of the property, taxed via a system of market bands. The initial national central rate of tax will be 0.18 percent of a property's value up to €1 million, and in the case of properties valued over €1million, and 0.25 percent on the balance. Property tax (Dutch:onroerendezaakbelasting (OZB) is levied on homes on a municipal basis in two parts :for the one who lives in the house, and for the owner of the house. There are some exemptions for widows and widowers.

United Kingdom: There is currently no ad-valorem tax on residential property. The former systems discussed below were dropped due to their extreme unpopularity:

- Schedule A income tax, a central government tax that was levied on the imputed rent, that is the rent, owner-occupiers of land would have been receiving from a tenant, if the houses were rented. However, actual (as opposed to imputed) rent is still subject to income tax under schedule A.

- Rates, a local government tax that was levied in proportion to the assessed value of property; this proportion was not fixed or set by a schedule or formula but floated according to the budget decided on by councilors giving rise to a charge distributed
- proportionally over all relevant properties. This was replaced under the Thatcher government by the community charge popularly known as" poll tax". This proved even more unpopular than the rates and was replaced by a mixed" council tax "which combines elements of property tax and poll tax. Rates are still levied on business property though some classes of business are exempt.

United States: In the United States, property tax on real estate is usually levied by the local government, at the municipal or county level. Rates vary across the states, between about 0.2 percent (%) and 4 percent (%) of the home value. The assessment is made up of two components; Improvements or building value and Land or site value.

Below are property taxes bases of some selected countries.

Table 1: Immovable Property tax bases in OECD and partner Countries

Land Tax Only	**Land and Buildings**	**Land Tax and Real Property Tax**	**Building tax and Real Property tax**	**Land Tax, Building Tax and Real Property Tax**	**Separate Land Tax and Separate Building Tax**
Estonia	Austria, Belgium,	Australia	Greece, Ireland,	Denmark	Hungary
	Canada, Chile,	Brazil	United Kingdom	France	
	Czech Republic,	New Zealand		Slovenia	
	Finland, Germany,	Poland		China	
	Israel, Italy, Japan, Korea, Luxembourg,	Slovak Republic		Russia	
	Mexico, United States				

Source- Valuation and Assessment of Immovable Property by Richard Almy, (2014)

2.9 Tax Policy and Design

A tax policy is a design of a tax system that has the ability of financing public spending in the most efficient and equitable way (Tanzi and Zee,(2000). Adamu, (2008) opined that the success of any tax system depends on the existence of a potent, dynamic and responsive legal structure which gives the tax the legality, legitimacy and the required backup for its successful implementation and enforcement. Tax policy is the first stage in having a simple and successful tax system. The less complex the policy, the easier its application. Tax policies in developing countries should be developed and designed to have clearly articulated objectives which are integrated with other aspects of the tax system considering the complex economic and political environments. According to Alabede, (2014), literature highlighted the importance of tax policy as a framework within which the tax authority has to perform its responsibilities. The intended users (taxpayers) should also be consulted when drafting the policy. Attention should be given to the drafting style, language and volume to make it transparent and as simple as possible. The lack of legal simplicity of tax policies has been identified as the greatest problem facing taxpayers and tax administrators (Mckerchar and Evans, 2009). A rule set out by Bird and Casanegra de Jantscher, (1992), as an essential precondition for tax administration reform is the simplification of the tax system so that it can be effectively applied given the low compliance contexts of developing countries. APLUC has the sole objective of raising revenue to provide infrastructure and develop the state so the policy should not be such that will further impoverish the citizens or affect housing provision. The tax policy choices affect the tax base definitions, exemptions, valuation standards, tax rates, collections and enforcement provisions while tax administration choices affect the completeness of the fiscal cadastre, property valuation accuracy, tax billing and collection efficiency, and the ability to enforce compliance.

2.10 History of Nigerian Rating Laws

The Nigerian rating laws originated from the British Poor Relief Act 1601 otherwise known as the Statute of Elizabeth. It was a tax on the occupier of property (land and house) for the provision and the maintenance of infrastructure for the relief of the poor. In Nigeria, the power to levy property tax was contained in the Assessment Ordinances and the various Local Government Laws of the States. The original ordinance to levy property tax was enacted on the 21st May, 1915 and it is known as the Assessment Ordinance, 1915 and was applicable to the Lagos territory only. The Assessment Ordinance Cap15 of the laws of Nigeria and Lagos, 1958 was an amendment of the 1915 ordinance. It was then the principal law governing property rating throughout Nigeria. All these laws provide for the rating of properties using either annual value, capital value and unimproved value as the governor or equivalent authority may direct. The basis of assessment was the annual rental value of hereditaments as provided in section 2(d) and 12 and 13(c) of Cap 15 of 1958. Section 2(d) require the owner or occupier of any tenement actually rented to make a declaration in writing as to the yearly rent paid or payable for same. Section 12 and 13(c) – if the appraiser thinks that the rent is a fair annual value, he adopts it, if he does not he must assess the annual value himself.

The first major property rating assessment law enacted in the then Eastern Nigeria, of which Anambra State was a part of, was known as the Assessment Law (Cap11 Laws of Eastern Nigeria), 1963. There was also the East Central State Property Edict, 1972 which made every Local Government Area a Rating Area. In 1976, the nationwide local government reform based on the “Dasuki Report” brought about the Anambra State Local Government Edict, 1976 then made up of present Anambra and Enugu States. Section 98 to 144 dealt with property tax. This law was operated with the Tenement Rating (Method of Assessment) Order 1979. This Order was made pursuant to Section 106 of the said Local

Government Edict 1976. It later became the Anambra State of Nigeria Local Government Law 2000 and the rating law is contained in Part XI while the Method of Assessment Order made pursuant to Section 106 of the Local Government Edict, 1976 still applied. Annual rental value was the basis for the tax assessment and it was stated in the Edict.

Almy, (2014) stated that the extent to which valuation methods and rules are entrenched in tax laws vary from country to country. In Canada, Denmark, Netherlands, United Kingdom and United states, the tax laws merely establish standards and Valuers are left to decide which methods and valuation models to employ. While in countries like Brazil and Germany, valuation models are adopted by the government with the help of the Valuers and incorporated in the regulation.

Adamu, (2008) examined the efficacy of the legal framework for property tax administration in Nigeria. He emphasized that the property tax is an appropriate tax for the local governments but the success largely depends on the existence of a potent, responsive and dynamic legal structure which will give the tax the legality and legitimacy and the backup it needs to function effectively. The work brought to the fore the absence of a principal legislation for property taxation in Nigeria. The Nigerian tax law is constituted by patchwork of statutes passed by states and local government authorities. The paper concludes that there is need for a substantive property tax law which will clearly define the governing principles of property tax administration and will likely consolidate the nominal statutes into a single statute for easy implementation and to avoid double taxation. In my opinion, that was what the Anambra State Property and Land Use Charge (APLUC) law came into existence to address.

Property rating or taxation was brought into existence in Anambra State by the Property Rating Assessment Law 1963 also known as Cap.11 Laws of Eastern Nigeria, 1963. Other legislations on property rating assessment were also enacted before the Anambra state of Nigeria Local Government Edict 1976 presently known as Anambra State of Nigeria Local Government Law, 2000. Part X1 deals with property rating. There was also the Property Rates Law CAP 108 RLAN 1991 and the Assessment Law CAP 11 RLAN 1991.

Property rating is an instrument for raising revenue for defraying costs incurred by local authorities in providing infrastructure and other services within its area of authority. Here, land and buildings held or occupied, tenancy, wharf or pier are referred to as tenement for rating. Undeveloped land was exempted. The various local government authorities conducted the valuation of hereditaments in their jurisdiction based on the rental values. These values form the valuation list from where the rate nairage is applied to determine the liability of the property owner. The property tax was suspended in January, 2009 by the government of Mr. Peter Obi due to inadequacy of tax revenue amongst other reasons. Anambra State Property and Land Use Charge (APLUC) law 2011 came into force on the 29th day of November, 2011, and henceforth, the provisions of Assessment Law Cap11 RLAN 1991 AND Property Rates Law Cap 108 RLAN 1991 seized to apply to property in Anambra State.. The tax law harmonized and consolidated Tenement / Property rate, Ground rent, Infrastructural, Development and Maintenance levies into a single tax in Anambra State. Major heads of the property tax are explained as follows:

Ground Rent: This is an annual rent paid to the state government by the holder of a Certificate of Occupancy for the occupation of the land whether it is developed or not. Section 5(1) of the Act provides: 'It shall be lawful for the Military Governor in respect of land whether or not in an urban area:

1. To grant statutory rights of occupancy to any person for all purpose.
2. To grant easements appurtenant to statutory rights of occupancy.
3. To demand rental for any such land granted to any person.

4. To revise the said rental at such intervals as may be specified in the Certificate of Occupancy'.

Ground rent is usually reviewed upwards periodically, say five or ten years. It is a peppercorn rent and not a tax. It is presently charged a five Naira per metre square. Under the APLUC law it is now charged on all lands in the state whether the owner has a Certificate of Occupancy or not.

Property /Tenement rate: This is a local form of taxation levied on property and paid to the Local Government Council by the owners of the property. It is a tax on the occupation of property, the proceed of which is used for funding Local Government social services or to finance construction and maintenance of roads, drainages, refuse disposal, markets, slaughter houses, burial grounds, public conveniences etc. The tax is aimed at promoting the total wellbeing of inhabitants of the local community payable on annual basis on the value of each property within the Local Government Area Council. The local governments being the third tier of government are constitutionally empowered to levy and collect tenement rate in form of an annual taxation levied on built property. Local authorities make these laws by way of subordinate legislations and bye laws, however, some states pass these laws to be applicable in all local government areas of the respective states.

Development /Infrastructural/ Maintenance Levy: This levy is imposed on properties in Anambra State by the government for the provision of social amenities in the locality by the government. It is paid once; at the time permission to proceed with development is granted. The APLUC policy has made it an annual levy and this in my opinion amounts to over-taxation.

2.11 The Administration of APLUC

Tax administration involves Property Identification, Assessment, Billing and Collection, Enforcement and Appeals. However, scholarly literature on the administration of APLUC is sparse. Few articles and newspaper reports found were however reviewed and presented below. Oluwadare and Ojo (2014) states that, proper administration in this case involves ensuring adequate geographical coverage in the discovery of ratable tenements, full identification of each tenement, accurate and equitable valuation, billing and comprehensive collection of revenue, proper management and constant updating of cadastre. UN-HABITAT, (2011), observed that the best systems involve shared responsibility between the state and the local governments each bringing to the property tax system their own strengths. In the quest for increased tax revenue, states in Nigeria are embarking on property tax reform to maximize yield. Dillinger (1992) suggested reforms must include improvements in property discovery and identification and also improved collection. Proper valuation and efficient collection are both basic requirements for a successful reform. (Kelly, 2000; Kelly and Masunu, 2000 and Franzsen, 2002).

International best practice suggests that a successful tax reform must be comprehensive; covering all aspects of property tax policy and administration and the case of Indonesian tax reform of 1986 offers a good example of a successful tax reform in a developing country having recorded more than 25 percent increase in revenue. It is regarded as perhaps the most successful property tax reform in the developing world (Rosengard 1988; Youngman and Malme, 1994).The reform simplified basic tax policy, brought up innovative administrative reforms and generated substantial revenue buoyancy. How well property taxes are administered not only impacts on the level of revenue collected but also affects the equity and efficiency of the tax. The steps involved in the process of taxing real property are discussed below:

2.11.1 Property Identification /Coverage

The first step in property tax administration is the assembly and maintenance of tax base information. This compilation of property tax information called “fiscal cadastre” would include essential information on land and improvements depending on the policy choice regarding tax base definition. The challenge is to ensure that basic information is up to date and accurate that is to maintain the coverage ratio as close to 100 percent as possible. The cadastre is the system of property registry of a specific territorial jurisdiction, it specifies the location, physical characteristics, dimensions, value and land use of land plots. It also identifies ownership, possession and other rights and obligations connected to the plots, among other data. This information is used to assign values to land parcels and improvements and to assess the property tax burden of the taxpayer. Each parcel of land is given a unique identification number to aid tracking of properties. According to Ayeni and Adewale, (2006), developing a successful GIS requires data sharing among the different departments in the Ministry of Lands, Survey and Rural Development. In the face of growing urbanization, lengthy, cumbersome and unenforced procedures for individual land registration have resulted in negligible registration of titles. Umeokafor (2010) shows that Anambra State Land Information System is yet to have a sophisticated land data archive. The system for monitoring and recording land transfers is lacking. In developing a Fiscal Cadastre, global positioning system is used to acquire the geographic positions of the properties. Attribute data of the properties like buildings, streets, rivers and other relevant geographic entities to depict conceptual view of reality. The major fields used are River, Road, Building and Parcel. Building is situated within a parcel of land. A parcel of land may contain more than one building and these buildings may vary in size, shape, ownership, address. The software usually used in the creation of Database is ArcView GIS. This enables the union of digital maps and attributes tabular data that facilities display, query, summary and organization.

The city of Mirzapur in India implemented a geographic information system (GIS) to identify unassessed properties and computerized its municipal tax records. A complete inventory of properties was undertaken which was made possible with the availability of high-resolution satellite images coupled with local surveys and integration of existing land records. These innovations resulted to a 10- fold increase in property assessments and tax collection tripled (Lall and Deichman, 2006).

The Land Officers and Geoinformaticians work together at producing digital maps that could be used for billing schedule and rate collection. The digital maps produced will help the management in allocating field workers. Those areas with higher concentration of properties are given more fieldworkers. The cadastre aims at gathering the most important attributes that influence market value. These attributes vary according to type of building. The information is used in the assessment of the tax base and consequently, tax bills are produced. The Global Mckens Company makes use of GIS in the administration of APLUC in Anambra State.

According to Ahmed et al (2014), a common complaint in both developed and developing countries is that cadastral information is always outdated and flawed. The valuations that form the basis are mostly based on historic values. It will possibly be a source of collusion between taxpayers and administrators. Some plots are inadvertently or intentionally omitted and new constructions do not appear on the cadastre and this is a source of revenue loss. Major cadastral updates require fieldwork, surveys, valuation and organized record-keeping (Bahl and Bird, 2008). This absence of adequate and quality data about the property owners (taxpayers) results in problems associated with valuation, revenue forecasting, inadequate billing and revenue collection. Below are samples of cadastral maps for Awka, Onitsha and Nnewi towns being used by the APLUC tax administrators in Anambra State. These maps were produced in 2014.

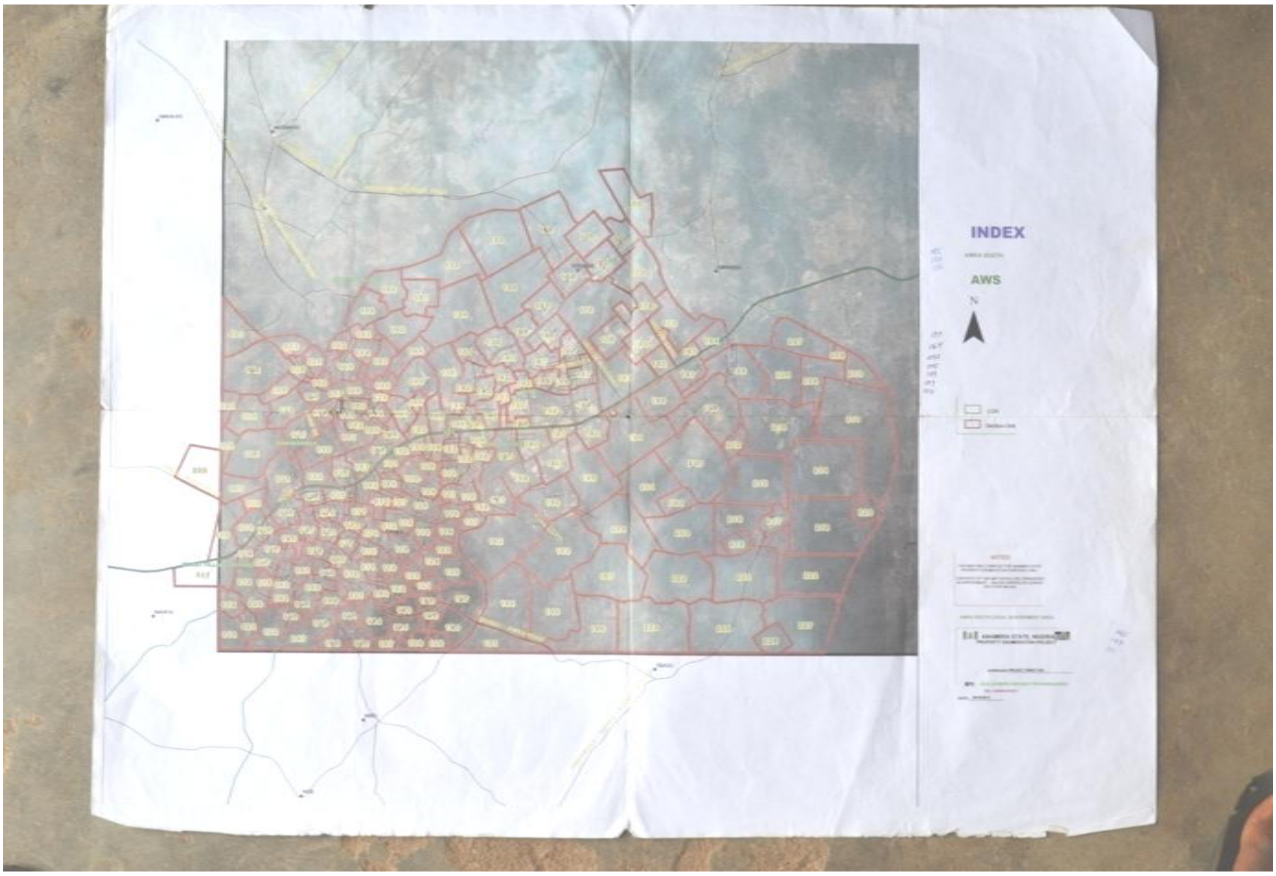

Fig 6: Digital Map of Awka South L.G.A showing the Section Grids.

Source: Global Mckens Limited, 2016.

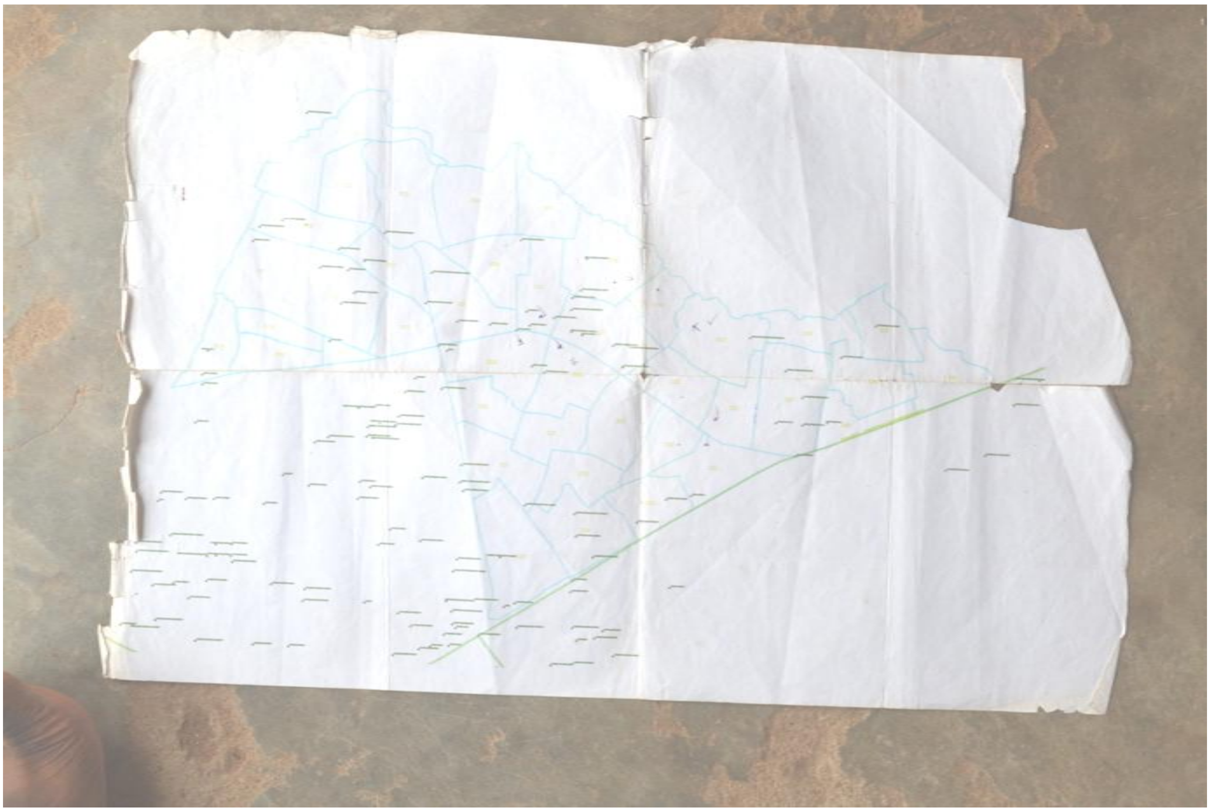

Fig 7: Digital Map of Onitsha North L.G.A showing the Section Grids.

Source: Global Mckens Limited, 2016.

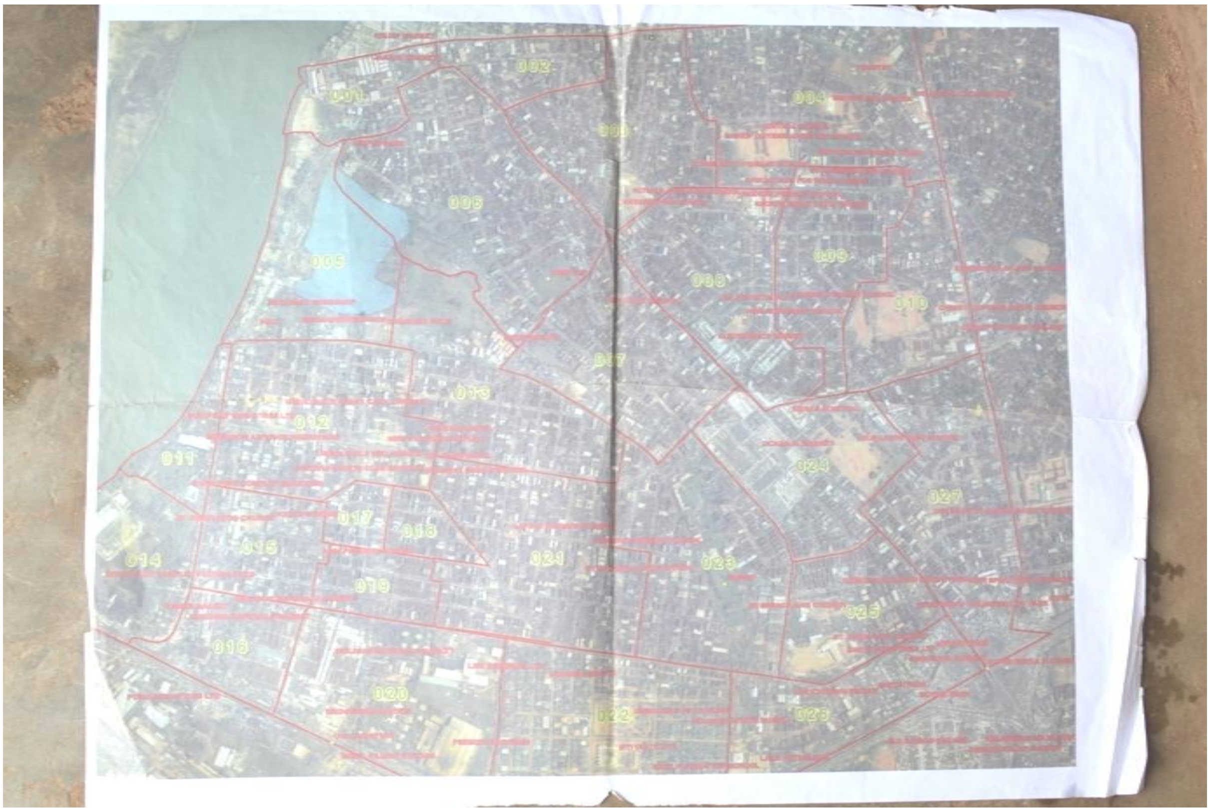

Fig 8. Digital Map of Onitsha South L.G.A showing the Section Grids.

*Source: Global Mckens Limited, 2016***.**

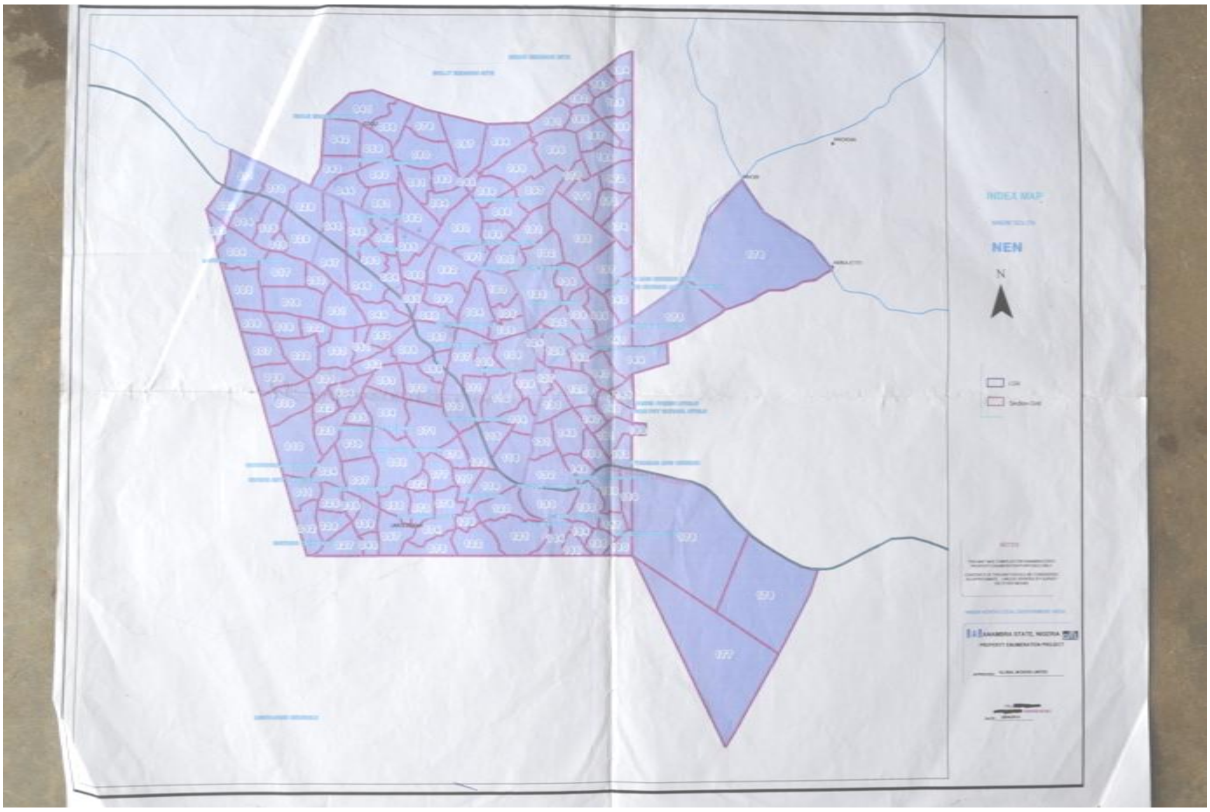

Fig 9. Digital Map of Nnewi North local Government Area showing the Section Grids.

Source :Global Mckens Limited, 2016.

2.11.2 Tax Assessment

The principles guiding property assessments in Umar, Kasim & Martin (2012) state that properties should be appraised objectively, equitably and uniformly. It is seen as the basis of the distribution of the property tax burden. It should be open and transparent so that property owners can understand how property is assessed and taxed. The assessment procedure should also be consistent and accurate.

A property tax system based on capital market value presumes that there is a functioning property market that information on the capital value of land is publicly available and that estimates of the value of all taxable land can be obtained from the available information.(UNHABITAT,2011).

According to Igwe (2012), and other Estate Surveyors and Valuers, the property tax (APLUC) should be based on income that is net of outgoings got from a property and not on capital value which tax unrealized gains in property value. An annual land and property tax based on capital market value identifies and taxes all of the property value and even the incremental value that the landowner can only realize when the property is sold and this can result to tax resentment. The annual rental value avoids this political challenge. The annual rental value is related to market conditions but it reflects current land use rather than the use which the property would be put if sold on the open market.

Monkam (2010) explains that the annual rental value adheres to the ability-to-pay principle and also reflects the quality of public services enjoyed by the property. Accurate property sales prices barely exist in Anambra State so the annual rental value basis should be a better option. Nigeria, India and some commonwealth countries inherited the British traditional rating system. The property rate laws in Nigeria have in a general way taken the rental value of properties as the basis for imposition of property taxation. In lagos for instance, It was arrived at by making statutory deduction of 25 percent from the Gross Annual Rent which the property might be at the time of assessment be reasonably be expected to let from year to year (Asabor, 2012). Before the enactment of the APLUC policy, the Depreciated Replacement Cost method was only used to value properties without rental evidence, cannot be easily let or rental evidence is inconclusive (for instance Filling stations). The Law of the Federal Republic of Nigeria 1958 (Section 15 and 16) prescribed the DRC method for the rating of tenements occupied by Public Utility Corporations.

Below are the government approved rates used for the tax.

Table 2.0

Property Tax Rates for Properties in Anambra State

PROPERTY	TAX RATE(PERCENT)
Commercial	0.35
Residential (Rental)	0.35
Single Family(Owner Occupied)	0.275
Miscellaneous(Undeveloped land, Right of way, Uncompleted buildings and others)	0.275
Industrial	0.25

Source- Global Mckens Limited, 2015.

Lin (2009) opined that an equitable valuation is defined as properties being valued at the same, or similar, percentage of their sales price. Violation of this equity standard is seen as valuation inequity. A number of factors cause systematic differences in assessment levels. They include location attributes, building quality, building year, presence of facilities. Cesare and Claudia (1999) and De Casare and Ruddock (1997), assert that the depreciated replacement cost approach of assessing real property is the major cause of the lack of assessment uniformity because it relies on the availability of data on unit costs and depreciation figures which most times give rise to inconsistencies that create assessment bias. There is a lack of connection between cost tables and the performance of real estate market and low correlation between the depreciation rates adopted and reduction in price caused by age, obsolescence or deterioration of building structures. The lack of systematic control over valuation performance also contributes to the high inaccuracy of assessed values. According to Onyejiaka (2014), there is no documentary evidence of building information in Anambra State yet. Therefore most valuations based on depreciated replacement cost method are based on assumptions made from previous valuations and phone contacts. The use of the depreciated replacement cost method of valuation for property tax assessment introduces gross inequity into the tax system because it is not also linked to income received from a property. High value properties tend to be under-appraised relative to low value properties, thereby introducing vertical inequity. Oni, (2009) asked the question "*why should landlords be made to pay land use charge as if he is selling his property annually"?*

He posits that the formula provided by the Lagos State Land Use Charge Law implies the adoption of the cost method of valuation. He cited Richmond (1975) as considering it inappropriate. He reiterated that cost method increases the amount on which the tax will be based; taxes according to him are expected to be charged on net Income of income – generating goods or services. He names the investment method as appropriate since it considers the net annual rental income on which to determine the appropriate land use charge that is payable annually.

Oni and Ajayi (2011), also noted that the Lagos Land Use charge assessment formula is inappropriate and that the high tax and penalties may discourage investment in housing and maintenance of existing stock. A good tax system should be transparent and the assessment method should be clear. He wondered why the assessment and administration of the tax were left in the hands of government officials alone? The property owner and the tenants who pay the tax should be given specific information as to the benefits that are derivable from the payments. These poor assessment practices can reduce the potential benefits of the property tax and would make taxpayers lose confidence in the assessment system which will result to tax non-compliance.

2.11.3 Tax Collection/ Enforcement

As opined in Kelly (2014), without property tax collection, all revenue, efficiency, equity and accountability objectives are lost. . Dillinger (1992) agreed with Ntamere, (1982) that a large proportion of properties on the tax roll are inaccurately valued and collection efficiency is extremely poor. Oluwadare and Ojo (2014) emphasized that in order to realize maximum yield from tenement rate, collection and management has to be properly administered. Tax collection involves sending out tax bills, collecting the taxes and ensuring payment. Collection of taxes in Nigeria was described recently as the worst in the world and the tax system seen as lacking in manpower, infrastructure and technology (McKerchar and Chan,2009). The process of tax collection involves sending demand notice and settlement of tax bills. The demand notice usually contain the following information:

- Address of the property
- Location of the property
- Assessed value of property
- Tax payable
- Where to pay
- Who to pay
- Time duration upon which the bill must be paid
- Penalty for not paying at the stipulated period

In Nigeria,delivery of a tax bill of the taxable property even to the extent of pasting it on the door , gate or wall if no person is willing to recieve it, constitutes legal notification. It is quite common for property taxpayers in developing countries not to honour their tax obligation as observed by (Bird & Slack, 2002 and Dillinger, 1992). Appah et al, (2014) posit that the goal of an efficient tax administration is to foster voluntary tax compliance by adopting all possible methods including penalties. Property tax systems in most developing countries face the great challenge of having high level of tax arrears. Hence delinquency enforcement procedures are provided for in the tax law as a safeguard. Enforcement is the last stage of the judicial process after a legal right, claim,or interest has ended in a judgement (Adebayo, 2011). It is the process whereby a judgment or order of court is enforced. Where there is voluntary compliance with the judgements and the orders of the courts, there will be no execution. Lord Denning as cited in Adebayo,(2011) aptly summarised the process thus:

> *"Execution means quite simply the process for enforcing or giving effect to the judgement of the court …. in case when execution was had by means of a common law writ, such as fieri facais;it was a legal execution.When it was had by means of an equitable remedy, such as an appointment of a receiver then it was equitable execution because it is a process for enforcing or giving effect to the judgement of the court."*

In Nigeria, the power of the court to enforce and ensure compliance with its judgement or order is derived from Section6(6)(a) of the 1999 Constitution. In Anambra State, cases of the enforcement of APLUC have been recorded. Since 2011, no fewer than fifty nine (59) properties have been sealed off for tax evasion (Daily Independent,2014). The organisation carried out such enforcement in about forty-five (45) buildings in Awka and Onitsha in the year 2014. Onuegbu (2015), a report on Daily Times newspaper " the government loses,2.5 billion to 80,000 tax defaulters". Seven (7) poperties were placed under lock and key and the agency resolved to also enforce judgements in fourteen communities in Obosi urban, Okpoko and some parts of Onitsha and its outskirts. Property owners in Nnewi and Ogidi were also advised to pay their property taxes or face the wrath of the law.

Below are some of the judgements :APLUC/59/14 ANSG vs Owner of Property at No 98 Onitsha Road,Nnewi. The defendant was served with claim and hearing notice.An application for judgement to be entered in the favour of the plaintiff was also made. The claim was unchallenged and uncontroverted. The court ordered the defendant to pay to theplaintiff the sum of ₦69,273.97 being amount due to him for 2011 and 2012. Same is to be paid on or before 27/5/15.

In another suit APLUC/60/14 ANSG Vs Owner of No. 104 Old Onitsha Road, Nnewi. The defendant was also absent and the court ruled that the defendant should pay to the plaintiff, the sum of ₦142,603.09 which must be paid on or before 27/5/15. Also in another suit APLUC/O/78/14 ANSG Vs Owner of No. 6 Nzekwu Onyido street, Fegge Onitsha. The defendant was also absent and judgement was also given in the favour of the plaintiff. He was ordered to pay the sum of ₦77,314.75. The property owners who are the defendants do not come to court and this shows the level of public acceptability of the tax.

Chief Ozoemensi Nwofor, the chief executive officer of Choice Hotels Ltd.Awka , one of the sealed –up establishements reacted to the incident and said:

> "*why should Government adopt this abnoxious strategy to harrass an individual trying to develop a town? It is disturbing and intimidating; we cannot go on with this type of development. If anybody owes and agreed to pay in installments, such person should not be harrased*".

The government has to create some kind of voluntary compliance by educating the taxpayers, ensuring that the tax is based on ability to pay and that the proceeds used for public benefit. From the statement made by Chief Nwofor above, he believes that he is developing the town by investing in real estate and should not be discouraged. He does not believe that he benefits from the government rather the government is taking from him. When the social distance between the government and taxpayers are low, individuals are more likely to consider the chances of evading tax(Kirchler, Hoelzl and Wahl, 2007).

Fjedstad, (2001), explains how overly zealous tax enforcement through an independent agency, different from the local government, has led to violent, coercive tax collection in Tanzania. Most times, collection or enforcement agencies are not encouraged to gain acceptance among the residents so they do not show moral or ethical considerations in carrying out their duties. The taxpayer has a right of being treated respectfully and politely. Widespread resistance was observed in Tanzania and taxpayers indulged in violent counter-attacks on collectors and burning of offices.

McKerchar and Chan (2009), explore the challenges and constraints of tax administration in developing economies using Nigeria as a case study. It identifies the most effective strategies in improving both personal and corporate taxpayer compliance and the steps to adopt to achieve a sustainable economic growth. It observed that the Nigerian tax system has many challenges like high administrative and compliance costs. High levels of bribery and corruption,shortage of qualified and experienced staff, lack of staff training programmes,lack of taxpayer education,lack of proper documentation, among others. The suggested strategies are creating a more effective tax administration; fostering voluntary compliance and enhancing taxpayers morale;strenghtening and enforcing compliance; and tackling shadow economy. The paper concludes that there is no single appropriate compliance strategy for Nigeria and other developing countries because every country has its peculiarities. The tax authorities need to adopt an approach that encourages voluntary compliance within a co-operative and participative regulatory environment.

2.11.4 Appeals

Tax appeal is an informal and a formal avenue for tax payers to question their property assessments either by meeting with the property tax assessor or appearing before the local administrative appeals board Doerner and Ihlanfeldt, (2014).In most cases, there might not be an error but the taxpayer feels he has been treated unfairly in some way and seeks redress. Whether it is to correct errors or respond to perceived unfairness, there must be a process available to taxpayers to achieve this. According to UN_HABITAT (2011) in practice, the appeal system might be better utilized by wealthy taxpayers who have more to gain and can better afford to pursue legal redress. Tax laws provide information on how the taxpayers may appeal if they disagree with the tax amount. A provision for an Assessment Appeal Tribunal is made by the APLUC law. The members should not be less than six and they are charged with the responsibility of handling appeals against assessment and penalties (Section12&13).

2.12 Empirical Studies

This section shows the review of related literature under the following three headings:

- Property tax laws
- Property tax Administration

  Property Identification

  Property tax Assessment

  Property tax collection and Enforcement

  Property tax Appeal
- Tax Knowledge

2.12.1 Property Tax Laws

Oni (2009) carried out a research on An Estate Valuers' Assessment of the Lagos State Land Use Charge Law 2001. The study assessed the provisions of the tax law in Lagos State and determined its effects on stakeholders (citizens, Estate Valuers, Government). Using the Bartlett model , a sample size of one hundred and fifty firms were selected from a population of three hundred and twenty five registered firms of Estate Surveyors and Valuers in Lagos. Questionnaires were administered on an Estate Valuer from each firm and also on tenants and landlords. The study revealed that Estate Surveyors see the capital value basis of calculating land use charge as inappropriate and that makes the tax assessment unfair and inequitable. The existing provision for penalty for delayed tax payment of the tax is inconsiderate since default or delayed rent payments by tenants was not considered by the law. The study also revealed the plight of the Estate Valuers as property managers. It concluded that for the property tax to be a success, Estate Valuers must be appointed to determine the appropriate annual values on net annual basis of valuation and also collect and remit land use charge.

Similarly, Babawale and Nubi (2013) in Property tax reform: an evaluation of Lagos State Land Use Charge examined the performance of the Land Use Charge in its first nine years. In the absence of authentic information from the government and its agents, the respondents were drawn from Estate Surveyors given their familiarity with the provisions of the enabling Act, they are in a position to provide a representative opinion on the performance of the property tax. Data was gathered though interview and questionnaires. One hundred and thirty five (135) questionnaires were collected. Respondents' assessment of the LUC law, the policy and administration was measured on a five Likert scale from "strongly agree" to "strongly disagree". Data were analysed with the use of simple frequency distribution, percentages and ranking based on mean item score. According to the study findings, the law has enjoyed limited acceptability and achieved limited success in spite of all the coercion, threat, muscle- flexing and substantial concessions by the government in almost ten years of its existence. The protests gets louder while stakeholders, organized private sector (OPS) and professionals like NIESV, NBA, and CITN either condemn the policy or drag the government to court. The study concluded that the right professionals should be consulted in the drafting of the tax policy considering the local peculiarities and the tax system should be perceived to be equitable and fair to achieve desired results.

2.12.2 Property Tax Administration

This sub-heading reviewed different works of researchers on property tax administration.

2.12.3 Property Identification

Umeokafor, (2010) studied the review of land information management in Enugu and Anambra States and the potentials of GIS in improving land information management in the States. The study identified the various needs for land information, highlighted the problems land offices face in land information management administration in the States. It also evaluated the effectiveness of managing land information using analogue method. The study sampled thirty –one (31) land officers in Enugu State, nineteen (19) in Anambra State, twenty-five (25) Estate Surveyors and twenty-five (25) Lawyers. Data analysis was carried out by simple frequency, bar charts, pie chart and Chi-square. The study found out that eighty-one percent (81%) of the population sampled have a little knowledge of the use of the computer. Land information is still managed manually in the two states. Awareness of the benefits of digitalized land information system over the analogue by the respondents is very low. Transition from the management of land information manually to digital system is achieved to a higher extent in Anambra State than Enugu State. The study concluded there is need to incorporate the use of GIS in land administration in both States. GIS which is a valuable tool and powerful decision support system for the computerization of land records is indispensable in effective land administration, Property taxation, sustainable land development and planning among others.

Oluwadare and Ojo (2014) in the study Tenement Database Creation for Rate Collection: The Role of GIS explores the potential of GIS for improving the revenue base of Olorunda Local Government Authority in Oshogbo, Osun State, Nigeria. It was discovered that poor roads leading to properties affect the tax collection in the areas. Only banks pay regularly maybe to protect their public image. It was also found out some changes in property ownership or uses were not updated in the valuation register. Data was collected through interviews and administration of structured questionnaires. Data analyses were carried out using the geo-processing and spatial analysis tools of Arc View GIS like querying, histogram and overlay was used for visual display of the results. It was concluded that the current manual system of keeping property tax records in the study area needs to be changed. The method of data acquisition used in the work and also the method of storage, analyses and presentation of data show that the use of GIS in tenement rating would make for effective collection of tenement rate. See also Ayeni & Adewale, (2006).

2. 12.4 Property Tax Assessment / Collection/ Enforcement

Enahoro and Olabisi (2012) investigated the overall effectiveness of tax administration in relation to assessment, collection and remittance of tax in Lagos State and how it could be a good revenue source. In this study, efforts were made to assess Lagos State tax administration system in a manner that attempts to relate it to tax laws and policies in Nigeria so as to close the gap between what the people perceive to be a reliable tax revenue administration and the current practice. A survey questionnaire of the machinery of tax administration was carried out with one hundred and twenty five (125) questionnaires of which eighty five (85) was used to capture the opinions of civil servants directly involved with the tax administration in five local government areas of Lagos State namely- Shomolu, Mushin, Ikeja, Kosofe and Surulere purposively selected out of twenty (20) local government areas of Lagos state. Forty (40) questionnaires were also administered on officials in the local government revenue committee. Hypotheses were tested for the relationship which exists between tax administration, tax regulation and revenue generation. The Kendall measure was adopted and it was used to ascertain whether or not there is correlation between the variables of interest. The result of the study showed that tax administration affects the revenue generated by the government and there is a significant relationship between tax administration, tax policies and tax laws. The study therefore recommends that government could put in place, a tax system that can enhance better administration of tax systems and tax collection should be left for private organizations.

Ishaya and Dabo (no date) in Enhanced Procedure for Property Tax Assessment and Collection in Kaduna North Local Government Area, of Kaduna State- Nigeria tried to find out why many local government councils in Kaduna State had not been collecting tenement rates. The study investigated the valuation methods used in the assessment of the tax, the annual revenue of the local governments and how GIS can help in property tax assessment in the local government areas. The primary data was obtained using purposive sampling technique to select rateable properties located in the study areas. Data generated from both primary and secondary sources were processed, integrated and analyzed using ArcGIS 9.3 version software. The study concluded that the valuation list was incomplete because the GIS system was able to capture sixty percent more of the hereditaments. It was also noticed that corruption eroded the tax revenue even when the tax collection was given out to tax consultants.

Lin (2010) in Property Tax inequity resulting from Inaccurate Assessment evaluated the extent to which real properties are equitably valued in Taipei, Taiwan. The entire property sample of 10,191 properties was divided into three property types: houses, low-rise condominiums, and high-rise condominiums. The conventional assessment ratios study suggests a mild degree of assessment regressivity and a steady relationship between assessed value and sales price over time. It was observed using the mean value as benchmark that the assessment ratios between houses, low rise condominiums and high rise condominiums are different. Owners of properties with similar prices are treated unequally by making them pay different amounts of property tax. The high value properties have been relatively under assessed, while houses are found to be over assessed, raising the concern of assessment inequity. The stable values of covariance for years suggested that a majority of properties are assessed at a stable fraction of sales price over time. This indicates a sound assessment performance in terms of stability. The introduction of an explicit spatial consideration recorded a non random pattern with similar assessment ratios. This infers an assessment inequity in a spatial sense. This spatial inequity of assessment ratios according to the study suggests that certain location- associated price determining factors are not properly reflected in assessment rules. It was concluded that the present practice of valuing a site in a joint ownership as if vacant and in single ownership should be discouraged.

Cornia and Slade (2003) in Assessed Valuation and Property Taxation of Multifamily Housing: An Empirical Analysis of Vertical and Horizontal Equity and Assessment Methods analysed the uniformity of property appraisal outcome for multifamily apartments in Phoenix, Arizona, United States. It looked at the horizontal and vertical equity and also equity across assessment methods. Some properties may be systematically under-appraised or over appraised, creating vertical inequity. Horizontal inequities occur, when persons possessing similar properties in terms of their value pay different taxes due to different assessment. The appraisal process depends on the number of units in the residential complex. The sales comparison method is used for smaller properties (less than 13 units) while the income approach is used for larger properties (more than 12 units). The survey was carried out on property sales transactions and assessed valuations over a five year period of (1998-2002). It was revealed that there was an evidence of horizontal inequity in the system because the complex size and geographical location are very difficult for the assessor to value uniformly. There was also inequity between small and large properties due to the different valuation methods. It was concluded that the income approach is superior to the sales comparison approach for the valuation of multifamily properties for tax purposes.

Birskyte (2013) investigated the determinants of the property assessment uniformity. The most central and important part of property tax is the assessment which is the determination of the property value for the equitable distribution of the total tax burden. This work tested an empirical model based on the data from the USA which has a long history of property taxation. The model tested what factors are contributing to the variation of the coefficient of dispersion (COD), an internationally recognized measure of assessment uniformity. Secondly, a model was built using multiple regression to identify the effects on the property system , the assessor's qualification and the environment , on the assessment quality as measured by the COD. The study revealed that economic structure and housing market conditions are the most important determinants of the property assessment uniformity. Housing value and the new construction contribute to a better assessment quality while deterioration of housing and the over- supply of housing have negative effects on the assessment uniformity.

Boamah (2013) in the study Constraints on Property Rating in the Offinso South municipality of Ghana investigated the property rating system in Ghana through a case study of Offinso South municipality. It solicited the perceptions of property owners on the property rate system and investigated their willingness to pay and their expectations from the property rate. Using a random sampling technique, a total of one hundred and twenty (120) properties were surveyed. Data were collected through interview and the use of questionnaire. The Chi-Square and simple percentages were used to analyse the data. Result from this work showed that there is a strong association between the land use planning system and the property tax in the area. It found that there were low tax collection rate, lack of enforcement against compliance, general public disdain, and also negative perceptions about rating officials. The study concluded that an inadequate property tax administration system, inadequate personnel, increased public contempt and perceived corruption have undermined the property system in the area. The study recommended that Offinso south Municipality strengthens the enforcement of the property tax collections, expands the coverage ratio, update the valuation list regularly and computerize the billing and collection process in order to improve property rate revenue.

Dedu (2015), also in the study, The Challenges facing Property Tax Collection in Tanzania: A case study of Dodoma Municipal Council assessed the property tax administration process and the problems facing tax collection in Tanzania. Data were collected from sampled LGAs, tax consultants, educational professionals and property taxpayers within the municipality. Questionnaires and interviews were employed to collect primary data from the selected sample of one hundred and forty three respondents. Data were analysed using frequencies, histograms and graphs. The study findings revealed that challenges facing property tax collection in Dodoma include the following: lack of effective statutory rate, lack of means of transport, different methods of determining the tax base, delay in payment and inconsistency in valuation process, inadequate number of qualified assessors, lack of awareness of tax payers, corrupt behaviour of officials, poor property administration, taxpayers unwillingness to pay property tax, negative perception of the property tax system. The work recommended that Dodoma Municipal Council should employ adequate number of personnel who have training on property tax collection, Surveyors and property valuers. Secondly, should educate taxpayers on the need of paying property tax as well as educate collectors on how to behave and communicate during collection to motivate taxpayers.

Elibariki (2013) studied an assessment of the challenges facing property tax collection system: A case study of Kinondoni Municipal. In doing this, data were collected from sampled local government areas officials and property taxpayers within the region. Questionnaires, observation and interview were employed to collect data from selected sample of one hundred and fifty residents. Data were analysed using percentages and means. The study concluded that municipal experience were delayed payment of taxes and low compliance, lack of effective statutory rates, poor assessment, low taxpayers awareness and corruption. The study recommended that the tax law reforms be embarked on as well as the administration machinery.

Abiola and Asiweh (2012) studied the impact of tax administration on government revenue in a developing economy-A case study of Nigeria. This study examined the structure of the Nigerian tax administration, what management and organizational approach will decrease tax evasion level and increase administration autonomy tax administration in Nigeria, factors that led to high level of tax evasion by tax payers and lastly, what factors motivates people to avoid their tax obligation. One hundred and twenty-one (121) online survey questionnaires containing twenty- five (25) questions were used to collect data. Descriptive statistics (percentages and bar charts) was employed in the analysis of the data. The study found that adequate tax revenue is a function of the enforcement strategy which is a major component of tax administration. These enforcement machineries include adequate manpower and Information technology systems. It recommended a review of the nation‘s tax policy and the administrative system.

2.12.5 Tax Assessment Appeals

Doerner and Ihlanfeldt (2014) in the study an empirical analysis of the property tax appeals process investigated the efficiency and equity of the property tax appeals process. It looked into how well the appeals process resolves potential assessment errors. Data was drawn from three databases for the study. Firstly, sales file containing all single –family property sales within the county from1995 to 2009. Secondly, the county's preliminary and final property tax roll for the year 2005 -2009 and lastly, all formal appeals registered within the county for the years 2005 -2009. The results of the study show that the vast majority of appeals-related reductions in assessed value fall outside the range for "correct" assessments. The assessed values are not randomly distributed across neighborhood types but rather are more likely in majority white neighborhood.

2.12.6 Tax Knowledge

Saad ,(2013), in "Tax Knowledge, Tax complexity and Tax compliance: Taxpayers' view" examined New Zealand taxpayers' views on their level of tax knowledge, how they see the income tax system and reasons for non -compliance. A sample of thirty (30) participants drawn from a population of 2,267 was interviewed via telephone. The interviews were recorded and transcribed. A step by step thematic analysis was performed on the transcribed data. Results indicated that some participants had an idea of the income tax system but not much on the details of the system. The study concluded that tax knowledge and tax complexity are viewed as contributing factors towards non compliance behaviour among taxpayers in New Zealand see also (Kolodziej ,2011; Mukhlis,Utomo and Soesetyo, 2014).

2.13 Summary of Literature

The section summarizes the literature reviewed, and also presents gaps found in the literature .The factors that could give rise to poor property tax revenue as was found in literature are as follows:-

(a) **Inadequate tax policy factors which include:** inappropriate tax assessment basis and method, inconsiderate or rigid penalties and sanctions and the non provision of Estate Surveyors and Valuers as expert tax assessors. These are consistent with the works of Oni (2009) and Babawale and Nubi (2013).

(b) **Poor property identification factors include:** non digitalized or manual system of keeping property records, non- existent property database, incomplete database among others as noted by Umeakafor (2010), Oluwadare and Ojo (2014) and Ayeni and Adewale (2006).

(c) **Inequitable tax assessment/collection/ enforcement factors include:** Inappropriate tax assessment methods, poor collection machinery, corruption, inadequate personnel, public contempt and negative perception of the tax among others. These are evident in the works of Enahoro and Olabisi (2012), Ishaya and Dabo (No date), Cornia and Slade (2003), Birskyte, (2013), Boamoh, (2013), Dedu, (2015), Elibariki (2013) and Abiola & Asiweh (2012).

(d) **Non functional appeal process factors include:** inequitable and unfair appeal process, inefficient appeal system, among others according to; Doerner and Ihlanfeldt (2014).

(e) **Poor tax knowledge factors include:** Poor understanding of tax laws, poor knowledge of tax rates, and basic concepts of taxation as seen in: Saad (2013), Kolodziej (2011), and Mukhlis, Utomo and Soesetyo, (2014).

2.14 Gaps in the Reviewed Literature

The reviewed literature is not sacrosanct, and therefore has some gaps. Firstly, most of the works were done by researchers on property tax in other countries. The few ones done in Nigeria focused on the Lagos State Land Use Charge. The literature reviewed concentrated mostly on the assessment of the provisions of the Lagos State Land Use Charge, the use of GIS in property taxation, the relationship between tax administration and tax policies, property tax assessment uniformity, relationship between low collection rate and lack of enforcement against compliance and tax revenue. None of the literature reviewed addressed the following:

a. Comparison of the provisions of the Anambra State Property and Land Use Charge (APLUC) Law No.1 of 2011 with a tax policy guide of international standard (that is the UN-HABITAT).
b. Comparison of the APLUC law with the provisions of similar tax laws of Lagos, Edo and Enugu States.
c. Evaluation or examination of the basis and method of the property tax assessment adopted by the government.
d. Ascertaining the extent to which the APLUC law and its administration has met the revenue yearnings of the State.

However, there is dearth of empirical works on the property tax (APLUC) and the analysis of the available literature on the tax law and its administration show isolated reports and anecdotal evidence. Therefore, this work is timely and will also fill this important gap by undertaking an appraisal of APLUC using a large scale empirical data.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter is concerned with description of the procedures that were adopted in carrying out the study. This is discussed under the following sub-headings: research design, area of the study, population of the study, sample and sampling technique, instrument for data collection, method of data collection and method of data analysis.

3.1 Research Design

Two forms of data are necessary for this research, the primary and secondary data. The primary data were sourced by the researcher through questionnaire and personal interviews. Since property forms the basis of taxation, then the respondents (property owners) were identified using the properties. Different types of questionnaire were designed and distributed to these groups of people: the ***property owners*** who pay the tax, ***Estate Surveyors and Valuers*** because they have the sole responsibility to carry out the valuation of real properties in Nigeria. Again, four (4) key staff members of ***Global Mckens Limited***, the Agency that administers the tax in the State, were also interviewed because they are involved in the assessment, collection and enforcement of the tax. Questionnaire was used for the collection of primary data from the respondents. The questionnaire for the property owners was structured into two parts. The first part comprised of questions on demographic and background information of respondents. The second part contained questions that elicited information on the property tax assessment, collection, tax enforcement and appeals. The questionnaire for Estate Surveyors and Valuers contained questions on Property Tax Assessment Method and Principles of a Good Tax System. Lastly, the questionnaire for the staff of Global Mckens Limited contained questions on Property Identification, Tax Assessment, Tax collection, Tax Enforcement and Appeals.

3.2 Population of the Study

The population of the property owners is the number of owners of properties in the three (3) major towns of Anambra State which was captured on the tax base of the Global Mckens (Tax Administrators). They are given as Awka South, Onitsha North, Onitsha South and Nnewi North Local Government Areas, and the population is sixty one thousand, eight hundred and forty eight (61,848).The number of registered Estate Surveyors and Valuers (Associates and Fellows) is forty - two (42); the staff of Global Mckens (Tax Administrators) which is 18. These figures are based on the records of the State Secretariat of the Nigerian Institution of Estate Surveyors and Valuers and the Global Mckens Limited .

See appendix A for the population to be used for data generation.

3.3 Sample and Sampling Technique

The entire population of Estate Surveyors and Valuers and staff were used. The impracticability of using every property owner in the selected local government areas because of the large size of the population informed the determination of the sample size using the **Taro Yamani's** formula which is used for a finite or known population. The formula is given as:

$$n = \frac{N}{1+N\ (e)^2}$$

Where;

N = Population Size
e = Sample error (level of 5% significance)
I= Unity (a constant)

$$\mathbf{n} = \frac{61848}{1 + 61848(0.05)2}$$

$$n = \frac{61848}{154.6225}$$

n=399.99

The total sample size is therefore four hundred (400). The sample size for each Local Government Area was estimated using **Bowley's Proportional Allocation Technique** (Panday &Verma, 2008; Dike & Ehikwe(2013). It is given as;

$$n_i = {}_n \frac{N_i}{N}$$

Where,

$n_i =$ number of unit allocated to each sub-group (individual sample population of properties for each local government area),

$N_i =$ Total sample size

n = Individual population of taxable properties in the each local government.

N = Total population of taxable properties in Anambra state.

For Awka South Local Government Area, n = 25,669. N_i =400, N =61,848; therefore, 25,669* 400/ 61,848 = 166; same applies to the other local government areas.

Sample size for each local government area is shown on table 3.

Table 3: **Sample Population for Each Local Government Area**

Local Government Area	**No of Properties**
Awka South	166
Onitsha North	60
Onitsha South	59
Nnewi North	115
Total	400

3.4 Method of Data Collection

The simple random sampling is used in the distribution of the questionnaire. The Awka South Local Government Area is made up of nine towns, namely, Amawbia, Awka, Ezinato, Isiagu, Mbaukwu, Nibo , Nise, Okpuno and Umuawulu. One hundred and sixty- six (166) questionnaires were distributed randomly in these towns. Onitsha South which includes Fegge, Woliwo, Odoakpu, Awada and Three- three(3-3) had fifty- nine(59) questionnaires distributed randomly and also in Onitsha North which comprises of only Onitsha town had sixty (60) questionnaires distributed. Nnewi North Local Government Area has only Nnewi as the only town. It has four villages (sub-towns) that make up the one –town local government namely Otolo, Uruagu, Umudim and Nnewi-Ichi. One hundred and fifteen (115) questionnaires were distributed randomly in Nnewi.

Questions based on five point Likert scale were used for the analysis. According to Winter and Dodou (2013), likert scale method of questionnaire design enables participants to specify how strongly they agree or disagree with a statement or series of statements.

It enables numerical values to be assigned to cases for easy quantitative analysis. The secondary data used were APLUC bills and data generated through researcher's valuation of selected properties. Five APLUC bills each were randomly picked from Awka, Onitsha and Nnewi. They were the last APLUC bills (2015) on the following property types- Residential building, office block or shopping mall, school, hotel, and hospital. The valuation data were gathered from tenants in residential buildings, offices and stores and also staff of hotels, schools and hospitals. The properties were valued for taxation purposes. The tax values generated by the reearcher and the APLUC tax values were tested statistically to determine whether the differences between the two tax values were significant.

See Appendix B, for a sample of the questionnaires. Appendix G, for the samples of the APLUC bills and Appendix F, for the Demonstration Valuation of Selected Properties.

3.5 Validation of the Instrument

The instruments were validated both in content and face value. The content and face validity of the instruments were determined by presenting the draft instruments, the topic of study, the purpose of study, research questions and hypotheses to experts. The experts examined the instruments for relevance of content, clarity of statements and effectiveness of directives. Their comments and suggestions were integrated in the final instruments and presented to the dissertation supervisors who after further scrutiny granted the final approval.

3.6 Reliability of the Instrument

The reliability of the instrument was established using Cronbach's Alpha test. To establish the reliability of the questionnaire, forty copies of the questionnaire were administered to twenty (20) property owners, ten (10) staff of the Global Mckens Company and ten (10) Estate Surveyors and Valuers, in Anambra State. For items on the questionnaire for the property owners, the reliability coefficient was 0.70. The reliability coefficient for items on the Estate Surveyors' questionnaire was 0.80 and that of staff of the Global Mckens Company was 0.90. The overall reliability coefficient of the entire instrument was 0.80, indicating a high level of internal consistency. *See Appendix D*

3.7 Method of Data Analysis

The data obtained in the study were analyzed using the following measures: Content or qualitative analysis of the tax laws was done to answer research questions one (1) and two (2). Research questions 3-6 were answered using mean, frequencies, and percentages. Hypothesis 1 and 2 were tested using Chi square test, hypothesis 3, 4 and 5 were tested using One Sample **t**-test while hypothesis 6 was tested using Paired Sample **t-** test.

The Chi-Square test is a statistical test applied to sets of categorical data to evaluate the likelihood of any observed difference between the unpaired data. The one Sample **t**- test determines whether the sample mean is statistically different from a known or hypothesized population mean (test mean). The test uses the standard deviation of the sample to estimate the population standard deviation. If the difference between the sample mean and the test mean is large relative to the variability of the sample mean, then the sample mean is unlikely to be equal to the test mean. The Paired Sample **t**- test determines the significant differences between two sample means. It compares the mean difference of two sets of scores for a given sampled unit. (Singh, 2007).

The response options in the instrument were weighted as shown below:

Strongly Agree (SA) - 5 points
Agree (A) - 4 points
Undecided (UN) - 3 points
Disagree (D) -2 points
Strongly Disagree (SD) - 1 point

The acceptance point for the items is 3.5 and any mean below 3.5 is regarded as rejected, not prevalent and as an unpopular view. All analyses were done using the Statistical Package for Social Sciences (SPSS) Version 20.0. The decision rule for the research questions are as follows:

1.00 – 1.49 = Very Inappropriate
1.50 – 2.49 = Inappropriate/Low Extent
2.50 – 3.49 = Neither/Moderate Extent
3.50 – 4.49 = Appropriate/High Extent
4.50 – 5.00 = Very Appropriate/High Extent.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter presents and analyzes the data generated. The results were presented according to the research questions and hypotheses. They were presented as follows:

Section A- Content analysis, which was adopted in answering the research questions one and two. Section B shows the analysis of responses to the research questions three to six; while. Section C dealt with the testing of Hypotheses. Lastly, Section D shows the interview analysis of the tax administrators.

4.1 Section A: Content Analysis of the Tax Law.

Content Analysis is a research technique which can be used for examining trends and patterns in documents (Stemier, 2001). This technique was employed in analyzing the provisions of the APLUC law based on the provisions of United nations human Settlements Programme(UN-HABITAT)2011, Land and Property Tax: A Policy Guide.

4.1.1 Provisions of the APLUC Law.

The APLUC Law on twenty-four (24) sections is a land based charge which shall be payable on all real property situate in the State, Section1 (a). This means that in Anambra State, land (residential, commercial, industrial, agricultural) and improvements to the land in both rural and urban areas are subject to the tax.

Section 1(b) – The property and land use charge consolidated the following land based levies and rates:

- Property Rate
- Tenement Rate
- Ground rent
- Infrastructural Development and Maintenance Levy

Property Rate and Tenement Rate are the same and stating them as different levies creates ambiguity. The tax law actually harmonized and consolidated Tenement / Property rate, Ground rent, Infrastructural, Development and Maintenance levies into a single tax in Anambra State. Ground rent which is already being collected by the Ministry of Lands is also one of the tax heads of APLUC and this gives rise to double taxation.

Section 2(1): - It empowers the Local Government Authorities to levy and collect the charge for their areas of jurisdiction as the Collecting Authority. The local government constitutionally has the right to levy local taxes on privately owned properties in its jurisdiction.

Section 2(2): The Local Government Authority, by a written agreement, may delegate to the State its functions with respect to collection of the tax and the assessment of privately – owned houses or tenements for the purpose of levying the tax. This subsection reads **may delegate to the State,** and this, according to Egolum, (2016), means that the local government can choose to delegate its constitutional powers or not.

Section 3 (1): the Commissioner of Finance is empowered to undertake or cause to be undertaken an assessment of chargeable properties in the State for the purpose of prescribing the formula to be used in determining the annual amount of the charge collectable from each collecting authority. The responsibility of the assessment or the power to delegate the assessment to chargeable properties to professional assessors does not lie in the portfolio of the Commissioner of Finance rather it is that of the Commissioner for Lands, Urban Development and Rural Development. The power conferred on the Commissioner for Finance or his agents to assess chargeable property in Section 3(1) of the tax law also usurps the constitutional power of the local government by contracting away a constitutional power and obligation. This stems from the recent ruling of the Rivers State High Court *in Grinaker LTA Limited vs* Internal *Revenue(Suit PHC/2842/2010)* and the earlier decision of the

Supreme Court in *Knight Frank Rutley Nigeria vs Attorney General of Kano State([1998] 4 SC 251).* The Supreme Court declared null and void a contract between the Kano State Government and Knight Frank Rutley to prepare a valuation list of all rateable hereditaments for the purpose of collection of property rates in some areas of Kano State for being outside the powers of the State Government and an usurpation of the powers conferred on local government councils by the Constitution. In *Grinaker LTA Limited v Board of Internal Revenue*, where the Rivers State High Court once again reiterated that only local government councils established under the constitution have the constitutional power to assess , levy and collect taxes on privately owned property and tenements in Nigeria. In Anambra State, the local government councils are not involved in the assessment and collection of the property tax.

Section 3(2&3): The Commissioner of Finance may in such areas as may be designated appoint property identification officers, qualified assessors and other persons considered necessary. The assessment which consists of inspection of a property, collection of documents and information, taking of photographs expected to be carried out between the hours of 7.00 am and 5.00 p.m.

Section 4: The property owner is liable to pay the tax.

Section 5 (1) of the law, the formula for determining the annual amount of the tax payable for any property shall be determined by the Commissioner of Finance. The provision of the constitution on valuation empowers only the Estate Surveyor and Valuer to carry out valuations on real properties as specified in secton2(a) of the Estate Surveyors and Valuers Registration Decree No 24 of 1975 now CAP 111(Laws of the Federal Republic of Nigeria 1990).

Section 7 of the law exempted some properties from the payment of the property tax, they are properties owned and occupied by religious bodies and used exclusively for public worship and religious education, cemeteries and burial grounds; recognized and registered educational institution certified by the Commissioner of Finance to be non-profit making, property used as public library; any property specifically exempted by the Executive Governor by notice published in the State Government Official Gazette; all palaces of recognized traditional rulers in the state. Additionally, the Governor may grant partial relief to a property that is occupied by a non-profit making organization used solely for community games, sports, athletics or recreation for the benefit of the general public; and also those used for charitable or benevolent purpose for the benefit of the general public and owned by the State, Local and Federal Governments or non- profit making organization. However, exempted or partly exempted property will become liable for the charge if the use to which the property is put changes to one that does not qualify for exemption or if the occupier of the property changes to one who does not qualify for the exemption.

Section 9 specifies that any person liable to pay the tax is issued a demand notice in respect to the property in each financial year. Pasting of the demand notice on the property shall be deemed sufficient delivery of notice.

Section 10 and 11 empowered the collecting authority which is the local government to appoint any person including an occupier of chargeable property to be the agent of the property owner and such person will become liable for the payment of the charge on behalf of the owner from monies due to him or becomes due by him for payment to the owner. The agent will be indemnified against the owner for such payment made by him. This strategy of adopting different definitions of ownership is to absolve the tax authority of any obligation to prove legal ownership of properties (Dillinger, 1991), but UNHABITAT, (2011) states that the traditions and the accepted institutions relating to land and property rights are considered in deciding who pays the tax. If land is an economic commodity and individual private ownership is accepted, then the incidence of the property tax should fall on the property owners but if otherwise, the occupants of land would be responsible, the law should be certain on who pays the tax. This provision can be said to contravene the doctrine of certainty in taxation as argued by Ogbuefi (2004). Does it mean that both property owners and occupiers are liable to pay the tax? A good tax system should make clear the amount payable as tax and also the person liable to pay the tax.

Section 12 made provisions for appeals because of disputes that may arise from its implementation. The Assessment Appeal Tribunal which consists of not less than six members with three members constituting the panel of the Tribunal to hear appeal in respect of amount that the appellant is liable to pay and impose fines if the appeal is of a frivolous nature. A person aggrieved with his property assessment can only appeal after paying 50% of the amount of the property charge levied on the property. The law stated further that the charge payable would be increased by 25% monthly for the first three months after the period specified in the notice. After the expiration of the three months and all outstanding charge including taxes, penalties and administrative charges are not paid, the property will be liable to receivership. The law did not provide the professions of the members of the panel.

Section 16 of the law stated that tax revenue will be pooled in a common fund called Property and Land Use Charge Collection Fund and not later than fourteen days after the beginning of each month pay to the local government in the state an agreed percentage of the revenue.

Section 20 deals on penalties and sanctions for non payment of the charge. Failure or delays to pay the Charge within the period specified in the demand Notice attracts a 25 percent increase for the first three months after which the property falls under receivership, advertised as being under receivership in at least two newspapers and will not be released until all outstanding charges ,taxes, penalties and administrative charges are paid. Land is fundamental to achieving basic human rights such as shelter; livelihood or food in Anambra

State, then seizing it for non-payment of property tax should not be an option. According to Olawande (2010) in " The Lagos State Land Use Charge Law(2001) and Vision 20:2020 Housing Theme" the penalty is viewed as being excessive and Ogbuefi (2010) considers it too harsh and portrays the tax system as being only interested in revenue raising without considerations for other principles of taxation.

4.2 Research Question one: Comparison of the provisions of APLUC and UN-HABITAT (2011).

The Land and Property tax: A Policy Guide (UN-HABITAT, 2011) gives a step to step approach on the process of initiating, developing and sustaining a land and property tax system. Below are its property tax law provisions which were compared with that of APLUC to determine the adequacy of the provisions of APLUC.

Table 4: Provisions of APLUC versus UN-HABITAT

S/N	Provisions	UN-HABITAT	APLUC
1.	Effective date of property tax	1	1
2.	Heads of tax	1	1
3.	Level of government to administer the tax	1	1
4.	Tax base	1	1
5.	Property types identification and definition	1	0
6.	Interpretation of key concepts and terms	1	1
7.	Exemptions	1	1
8.	Tax payer	1	1
9.	Stipulation of government entity responsible for tax rate setting	1	0
10	Stating of tax rates	1	0
11	Definition and stipulation of value of standard	1	0

12	Skills and training of tax assessors	1	0
13	Definition of cycle for updating taxable values	1	0
14	Agency responsible for generating and delivery of tax bills	1	1
15	When tax bills are to be sent out and when tax is due	1	1
16	Stipulation of what constitutes notification of taxpayers	1	1
17	Agency responsible for maintenance of fiscal cadastre	1	0
18	Agency responsible for collection of tax payments	1	1
19	Agency responsible for responding to taxpayers questions and concerns	1	0
20	Process for handling appeals	1	1
21	Profession and qualification of members of appeal panel	1	0
22	Description of process of assessment appeals	1	1
23	Conditions of appeal	1	1
24	Sanctions and penalties for non-payment of tax	1	1
25	Sharing pattern of revenue	1	1
	Total	25	16

Key: 1 = Component Included; 0 = Component not included

The component or provision included is designated as one (1) while the ones not included are zero (0). APLUC met a total number of sixteen (16) provisions out of twenty-five (25) presented by UN-HABITAT. A comparison of the provisions is shown on Table 5 below.

Table 5: Comparisons of Provisions of APLUC Law with UN-HABITAT(Cross tabulation)

			Components Not Included	Components Included	Total
State	UN_HABITAT	N	0	25	25
		Row %	0%	100%	100%
	Anambra	N	9	16	25
		Row %	36%	64%	100%
Total		N	9	41	50
		Row %	18%	82%	100%

Table 5 above shows that UN-Habitat has all the expected components of the provisions of property law as shown by the row percentage of 100% for "components included" and the row percentage of 0% for "component not included" which indicates that none of the 25 components was excluded . On the other hand, provisions of Anambra State property tax (APLUC) law has 16 (64%) out of the expected 25 components of the provisions of the law while 9 (36%) out of the expected 25 components of the provisions of property law was not included in the APLUC tax law. Therefore, the components of the provisions of Anambra State Property Tax (APLUC) Law is 36% less than the guide provided by UN-Habitat.

This shows that the provisions made by the APLUC Law, when compared with UN-HABITAT, are not fully adequate to sustain an efficient property tax system.

4.3 Research Question two- How do the provisions of the APLUC Law compare with that of the Land Use Charge of Enugu, Edo and Lagos States?

A comparison guided by the property tax law provisions of UN-HABITAT was done between the Land Use Charge Laws of Enugu, Edo and Lagos States (one state from South East, South South and South West) and Anambra State(APLUC) to expose their similarities and differences. They are shown on Table 6.

Table 6: Comparison of Property Tax Laws of Enugu , Edo and Lagos with APLUC

S/N	Provisions	Anambra	Enugu	Edo	Lagos
1.	Effective date of property tax	1	1	1	1
2.	Heads of tax	1	0	0	1
3.	Level of government to administer the tax	1	1	1	1
4.	Tax base	1	1	1	1
5.	Property types identification and definition	0	0	0	0
6.	Interpretation of key concepts and terms	1	1	1	1
7.	Exemptions	1	1	1	1
8.	Tax payer	1	1	1	1
9.	Stipulation of government entity responsible for tax rate setting	0	0	0	0
10	Stating of tax rates	0	0	1	0
11	Definition and stipulation of value of standard	0	1	0	1
12	Skills and training of tax assessors	0	0	1	0
13	Definition of cycle for updating taxable values	0	0	0	0
14	Agency responsible for generating and delivery of tax bills	1	1	1	1
15	When tax bills are to be sent out and when tax is due	1	1	1	1
16	Stipulation of what constitutes notification of taxpayers	1	1	1	1
17	Agency responsible for maintenance of fiscal cadastre	0	0	0	0
18	Agency responsible for collection of tax payments	1	1	1	1
19	Agency responsible for responding to taxpayers questions and concerns	0	0	0	0
20	Process for handling appeals	1	1	1	1
21	Profession and qualification of members of appeal panel	0	0	0	0
22	Description of process of assessment appeals	1	1	1	1

23	Conditions of appeal	1	1	1	1
24	Sanctions and penalties for non-payment of tax	1	1	1	1
25	Sharing pattern of revenue	1	1	1	1
	Total	16	16	17	17

Key: 1 = Component Included; 0 = Component not included

The property tax laws are similar in almost all respects except the following:

1) **Heads of Tax**: Only Anambra and Lagos States identified and named the land based taxes the law seeks to consolidate.
2) **Tax Rates**: In section 6(2) under schedule, only the Edo State Land Use Charge Law stated the tax rates which will be applied to the assessed values to get the tax payable on taxable properties.
3) **Definition and Stipulation of Standard of Value**: The Lagos and Enugu States Property Tax Laws, Sections 5 and 7 respectively provided statutory formulae for the assessment of the property tax while Anambra and Edo States Tax Laws did not provide the basis of assessment of the property tax.
4) **Skills and Training of Tax Assessors**: Only Edo State property tax law provided for the skills and training of tax assessors. Section 5(1&2) specified that the Estate Surveyors and Valuers who are the professionals in property tax assessment should undertake the assessment of chargeable properties. Anambra and Lagos States property tax laws left tax assessment in the hands of the Commissioner of Finance, while Enugu State tax law left it with the Commissioner for Lands and Urban Development .

In terms of quality, the Edo State Land Use Charge Law can be said to be the best of the four property tax laws, it named estate surveyors and valuers as the expert tax assessors. In section 9, it exempted owner-occupier residential properties measuring 100ft by 100ft maximum in non choice area of urban area and rural areas, owner- occupiers of over- sixty (60) years and family compounds. This means that the rural people are exempted and this gesture is more in line with the principle of equity.

A cross tabulation analysis of the Property Tax Laws with UN-HABITAT is shown on Table 7 below.

Table 7: Cross Tabulation of the Comparison of Provisions of the States Property Tax Law with UN-HABITAT.(Cross tabulation)

			Components Not Included	Components Included	Total
State	Anambra	N	9	16	25
		Row %	36%	64%	100%
	Edo	N	8	17	25
		Row %	32%	68%	100%
	Enugu	N	8	17	25
		Row %	32%	68%	100%
	Lagos	N	8	17	25
		Row %	32%	68%	100%
Total		N	33	67	100
		Row %	33%	67%	100.0%

Table 7 above shows that Anambra Property Tax Law (APLUC) has a number of 16(64%) of the components included in the law while 9 items (36%) were not included. Edo State Land Use Charge Law included 17(68%) while 8(32%) were left out. Enugu State Property Tax Law has 17 (68%) components included and 8(32%) not included; and lastly, Lagos State included 17 (68%) and excluded 8 (32%). This shows that the property tax laws of Edo, Enugu and Lagos States have similar features with that of APLUC but fall short of the UN-HABITAT provisions.

4.4 Section B: Analyses of Responses of the Questionnaire

The analysis of how the questionnaire is distributed and returned is presented in Table 8**:**

Table 8: Analysis of the Distribution and Return of Questionnaire

Sample Subgroups	Questionnaire Distributed	Questionnaire Returned	Percentage of Total returned
Estate Surveyors	42	35	83.33
Property Owners	400	358	80.99
Global Mckens	18	18	100
Total	460	411	89.34

Table 8 above reveals that a total of 460 copies of questionnaire classified for Estate Surveyors and Valuers and Property Owners and the Global Mckens (Tax Administrators) were distributed as indicated in the table. The table equally indicated that a total of 411 copies out of the 460 questionnaires were correctly filled and returned. This represents 89.34% of the administered questionnaires which is statistically high to justify reliance on it for the analysis.

4.5 Demographic Analysis of Estate Surveyors and Valuers

The grade of the Estate Surveyors and Valuers used in the research is shown below:

Table 9: Respondents' Grade

	Frequency	Percentage
fellow	4	11.4
associate	31	88.5
Total	35	100.0

Table 9, shows that 31 representing 88.5% of the 35 Estate Surveyors and Valuers sampled were Associates while four (11.4%) were Fellows of the Association. The implication is that Estate Surveyors and Valuers in the sample population are registered and recognized professionally to give reliable responses.

It went further to find out the level of experience of the Estate Surveyors and Valuers used for the study.

Table 10: Respondents' Years of Practice

	Frequency	Percentage
1-5years	10	28.6
6-10 years	21	60.0
10 years and above	4	11.4
Total	35	100.0

Frequencies and percentages presented in table 10 indicate that greater proportion of the respondents 21(60.0%) have had between 6 -10 years of practice. Four respondents representing 11.4% have been in practice for 10 years and above while 10 (28.5%) have been in practice between 1 -5 years. The implication of the result of the above analysis is the revelation that almost all the Estate Surveyors and Valuers sampled are sufficiently experienced in practice to be relied upon on issues of valuation.

The analysis of the involvement of Estate Surveyors and Valuers in the assessment of APLUC is shown below:

Table 11: Involvement in Valuation for APLUC

	Frequency	Percentage
Yes	3	8.6
No	32	91.4
Total	35	100.0

In terms of involvement in valuation for APLUC, majority of the respondents have not done valuation for APLUC as shown by 32 (91.4%) of the respondents that endorsed "No" whereas only 3 respondents, representing 8.6% of the total respondents indicated that they have done valuation for APLUC. This shows that Estate Surveyors and Valuers are not fully involved in the assessment of the property tax.

4.6 Demographic Analysis of Staff of Global Mckens

The analysis of the posts held by the staff of Global Mckens is shown in Table 12 as shown:

Table 12: Respondents' Posts

	Post	Frequency	Percentage
Valid	Assessor	2	11.1
	Field Agent	6	33.3
	Enforcement Officer	3	16.7
	Front Desk officer	3	16.7
	Legal	2	11.1

Officer		
System Officer	2	11.1
Total	18	100.0

11.1% of the respondents are assessors, 33.3% are field agents, 16.7% are front desk officers, legal officers made up 11.1% while system officers also made up 11.1%. All the departments that make up the Global Mckens Company are duly represented in the study.

The duration of service of the staff is also analysed below:

Table 13: Duration of service

	Year	Frequency	Percentage
Valid	1	2	11.1
	2	4	22.2
	3	6	33.3
	4	4	22.2
	5	2	11.1
	Total	18	100.0

As shown in table 13, 11.1% of the respondents representing a person has served for a year, 22.2% (4) have worked in the company for 2 years. 33.3% (6) have put in 3 years, 22.2% (4) have served for 4 years while 2 person representing 1 1.1% have worked for 5 years. Majority of the staff sampled have worked at least 2years since the company started 5 years ago.

4.7 Demographic Analysis of Property Owners.

The table below shows the location of the properties used for the study.

Table 14: Location of Respondents

	Frequency	Percentage
Awka	150	41.9
Nnewi	110	30.7
Onitsha	98	27.4
Total	358	100.0

The details in table 14 show that responses were got from 150 property owners in Awka while 110 and 98 were got from Nnewi and Onitsha respectively.

The educational background of the property owners was considered and it is shown below:

Table 15: Highest Educational Qualification

	Frequency	Percentage
Primary	17	4.7
Secondary	263	73.5
Higher Education	58	16.2
Others(specify)	20	5.6
Total	358	100.0

Most respondents (73.5) had secondary education while 16.2 had higher education and 4.7 had primary education. This indicates that the majority of the property owners are barely literate.

The type of properties sampled is given as:

Table 16: Property Type

	Frequency	Percentage
Land	45	12.6
Residential	49	13.7
Residential/shop/warehouse	19	5.3
Private school	30	8.4
Private hospital	59	16.5
Industry	28	7.8
Bank	45	12.6
Filling station	43	12.0
Hotel	40	11.2
Total	358	100.0

The different types of properties used for the research are shown on table 9 above. 12.6% is undeveloped land, 13.7% is residential.5.3% is residential/commercial, 8.4% is private school, 16.5% is private hospital, 7.8% is industry, 12.6% is Bank, 12.0% is filling stations while 11.2% is Hotel.

The amount of income earned annually by the property owners is shown in table 17:

Table 17: Respondents' Annual Income

	Frequency	Percentage
N300,000.00 - 600,000.00	13	3.6
N700,000.00 - N1,000,000.00	47	13.1
N1,100,000.00 - N1,400,000.00	65	18.2
N1,500,000.00 - N1,800,000.00	17	4.7
N1,900,000.00 & above	216	60.3
Total	358	100.0

The analysis of the data in table 16 reveals that 3.6% of the respondents earn between N300, 000 -600,000. 13.1% earn between N700, 000 –N1, 000,000. 18.2% earn N1, 100,000 –N1, 400,000. 4.7% of the respondents earn N1,500,000 – N1,800,000 while 60.3% earn N1,900,000 and above. Majority of the respondents earn N1, 900,000 and above.

4.7.1 Property characteristics and neighborhood

The table 18 shows   the property owners responses on how their properties were acquired.

Table 18: How Property was Acquired

	Frequency	Percentage
Bought with loan	40	11.2
Bought with personal funds	47	13.1
Built with loan	19	5.3
Built with personal funds	186	52.0
Inherited	32	8.9
Leasehold	34	9.5
Total	358	100.0

11.2% of the properties used for the analysis as shown on Table 18 were acquired by loan. 13.1% were bought with personal funds. 5.3% were built with loan. 52% was built with personal funds while the inherited ones were 8.9%. Lastly, 9.5% were held on lease. These reveal that most properties in the State were built with people’s personal funds.

Table 19 below analysed the use to which the properties used for the study are put.

Table 19: Use of Property

	Frequency	Percentage
Residential	71	19.8
commercial	187	52.2
Residential/ commercial	53	14.8
Agricultural	19	5.3
Industrial	28	7.8
Total	358	100.0

The use to which the properties used for the study are put as analysed on Table 19 shows that 19.8% are residential, 52.2% are commercial properties while 5.3% are Agricultural properties and 7.8% are Industrial properties.

Table 20 shows the type of interest or possessory rights exercised on the properties.

Table 20: Type of Occupation

	Frequency	Percentage
Rented	183	51.1
Owner occupied	135	37.7
Partly rented, Partly Owner Occupied	40	11.2
Total	358	100.0

The analysis on Table 20 reveals that 51.1% are rented, 37.7% are owner occupied, and 11.2% are partly rented, partly owner occupied. Most properties used are rented properties.

The type of properties used for the study is shown on table 21 below:

Table 21: Building Type

	Frequency	Percentage
Bungalow	58	16.2
Block of flats	153	42.7
Duplex	52	14.5
Tenement	12	8.8
Warehouse	28	7.8
Total	303	84.6
Not Specified	55	15.4
Total	358	100.0

Table 21 shows the types of buildings used for the study. 16.2% were bungalows, 42.7% were block of flats, 14.5% for duplexes, 2.8%. Tenement buildings were 8.8% and warehouses were 7.8%. Those not specified were 15.4%.

The responses of the property owners used for the study on their compliance to the tax is

The last tax values of the respondents are displayed below:

Table 22: Last Tax value

property location	Mean	N	Std. Dev.
Awka	114,461.4138	87	74,677.39426
Nnewi	109,156.9259	54	68,197.76934
Onitsha	131,831.4118	68	173,002.04936
Total	118,742.3589	209	114,974.77518

Table 22 reveals that the mean tax given to respondents in Awka was N114,461.4138. Nnewi was N109,156.9259 while Onitsha respondents were billed a mean tax of N131,831.4118.

The responses of the property owners used for the study on their compliance to the tax is analysed on table 23 shown below:

Table 23: Percentage Responses on whether Respondents have ever paid Property Tax

	Frequency	Percentage
Yes	152	42.5
No	206	57.5
Total	358	100.0

Table 23 shows that 42.5% of the respondents have ever paid the tax while 57.5% have never paid the tax. This shows that majority of the respondents have never paid the tax.

The basic amenities enjoyed by the properties sampled is analysed on Table 24:

Table 24: Availability of Amenities

S/N	Amenities	Available		Not Available		Total	
		N	%	N	%	N	%
1.	Good Roads	250	70%	108	30%	358	100
2.	Water	242	68%	116	32%	358	100
3.	Electricity	309	86%	49	14%	358	100
4.	Refuse Dumps	186	52%	172	48%	358	100

Table 25: (1) Availability of good roads, water, electricity, refuse dumps

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	None	60	16.8	16.8	16.8
	1- 2	77	21.5	21.5	38.3
	3-4	221	61.7	61.7	100.0
	Total	358	100.0	100.0	

The data analysed on table 24 shows that out of 358 properties sampled, 250 representing 70% have good roads, 242 (68%) have good source of water, 309 (86%) have electricity and 186 (52%) have access to refuse dumps.

The analysis of the data displayed on table 24(1) shows that 16.8% of the properties have no basic amenities, 21.5% have 1-2 of the amenities while 61.7% have 3-4 of the basic amenities.

4.8 Research Question Three: The Appropriateness of the Property Tax Assessment Basis and Method adopted by the government.

An appropriate property tax assessment method should be employed to distribute the tax burden fairly and equitably. The Estate Surveyors and Valuers constitutionally have the right and the expert knowledge to determine the worth of a property in Nigeria; and therefore, their responses are presented and analysed to determine the appropriateness of the tax assessment method used by the Government in the assessment of APLUC.

Table 25: Percentage Responses of Estate Surveyors and Valuers on the appropriate Tax Assessment Basis for APLUC

		Frequency	Percentage	Valid Percent	Cumulative Percent
Valid	Capital value	2	5.7	5.7	5.7
	Annual value	33	94.3	94.3	100.0
	Total	35	100.0	100.0	

Table 25 shows that 2 respondents representing 5.7% of the respondents says that the capital value basis for assessment is appropriate for APLUC whereas 94.3% insists on the annual value for the assessment of APLUC. According to the professionals, the annual value basis is the appropriate basis for the assessment for APLUC.

The Estate Surveyors and Valuers also gave responses on the appropriate methods for the assessment of property tax for different property types. The analysis is done on table 26.

Table 26: Estate Surveyors and Valuers' Percentage Responses on Appropriate Methods for the Tax Assessment of Different Types of Property

S/N	Property Type	IM		DRCM		MCM		PM		Total	
		N	%	N	%	N	%	N	%	N	%
1.	Residential	33	94.3	-	-	2	5.7	-	-	35	100
2	Commercial	17	48.6	8	22.9	6	17.1	4	11.4	35	100
3.	Agricultural	5	14.3	5	14.3	5	14.3	20	57.1	35	100
4	Recreational	3	8.6	13	37.1	1	2.9	18	51.4	35	100
5.	Industrial	5	14.3	5	14.3	5	14.3	20	57.1	35	100

IM = Income Method; DRCM = Depreciated Replacement Cost Method' MCM = Market Comparison Method; PM = Profit Method

Table 26 shows the percentage responses on appropriate methods for the assessment of different property types. Greater proportion of the respondents is of the view that residential should be assessed using Income Method (94.3%). On the other hand, a greater proportion of the respondents (48.6%, 57.1% and 51.4%) is of the view that the assessment of Commercial, industrial, agricultural and recreational should be based on Profit Method followed by Income Method.

The responses of Estate Surveyors and Valuers on table 27 were also analysed to show the inappropriateness of using the capital value basis and the depreciated replacement cost method in the assessment of APLUC.

Table 27: Appropriateness of the Basis of Assessment and the Method adopted by the government.

	SD		D		UN		A		SA		Mean
	N	%	N	%	N	%	N	%	N	%	
1.The capital value basis of assessment which taxes the total worth of the property and the unrealized gains and therefore appropriate for an annual tax in Anambra State	15	43%	11	31%	5	14%	0	0%	4	11%	2.06
2.The Depreciated Replacement Cost method which is the tax assessment used by Anambra State government is appropriate for all property types	19	54%	7	20%	6	17%	0	0%	3	9%	1.89
3.The use of Depreciated Replacement Cost Method which under-appraises high values properties and over-appraises low value properties is appropriate for use in annual tax like APLUC	12	34%	11	31%	8	23%	0	0%	4	11%	2.23
4.Anambra State Government's use of Depreciated Replacement Cost Method in property assessment allocates equal tax burdens to similar properties without considering the location of the properties which is appropriate	13	37%	12	34%	7	20%	0	0%	3	9%	2.09
5.Government's adoption of focal properties assessed using the Depreciated Replacement Cost method in determining the tax values of properties gives tax values which are objective and equitable.	17	49%	10	29%	5	14%	0	0%	3	9%	1.91
Grand Mean											**2.04**

The first question on table 27 bothered on if the capital value basis of assessment which taxes the total worth of the property and the unrealized gains is appropriate for an annual tax in Anambra State. With a mean response of 2.06, 43% of the respondents strongly disagree, 31% disagree, 14% is undecided. 0% agree while only 11% strongly agree. 74% of the respondents disagree that the capital value basis is appropriate for an annual tax in Anambra State.

Secondly, the question on if the depreciated replacement cost method which is the tax assessment used by Anambra State Government is appropriate for all property types has 54% strongly disagree, 20% disagree, 17% undecided, and 9% strongly agree with a mean response of 1.89. 74% of the respondents disagree with the assertion.

The third question is on if the depreciated replacement cost method which under-appraises high values properties and over-appraises low value properties is appropriate for use in an annual tax like APLUC. Analysis of the responses got a mean response of 2.23. 34% of the respondents strongly disagree, 31% disagree, 23% undecided, and 11% strongly agree. Therefore, 65% of the respondents disagree the depreciated replacement method is inappropriate for APLUC.

Anambra State Government's use of depreciated replacement cost method in property assessment allocates equal tax burdens to similar properties without considering the location of the properties which is appropriate. The analysis of the responses to this question had 37% strongly disagree, 34% disagree, 20% undecided, and 9% strongly agree with a mean response of 2.09. This shows that 71% disagree that the depreciated replacement cost method which does not consider location in tax assessment is appropriate for APLUC.

Government's adoption of focal properties assessed using the depreciated replacement cost method in determining the tax values of properties gives tax values which are objective and equitable which is question 5. 49% of the respondents strongly disagree, 29% disagree, 14% were undecided and 9 % strongly agree with a mean response of 1.91.

Result displayed in table 27 shows that the grand mean response on the appropriateness of using the capital value basis and the depreciated replacement cost assessment method by APLUC is 2.04. On the basis of scale value of 1 to 5, the mean value (2.04) indicates that the assessment basis and method used for APLUC are inappropriate.

A look at the responses of the staff of the Global Mckens (Tax Administrators) also gives an insight into the process of tax assessment done by the agency for the Government.

Table 28: Percentage Ratings of staff of Global Mckens on the Assessment of APLUC.

Tax Assessment	SD		D		UN		A		SA	
	N	%	N	%	N	%	N	%	N	%
1. Properties are not inspected individually for tax assessment	0	0%	0	0%	4	22%	5	28%	9	50%
2. Depreciated replacement cost method is used for tax assessment of all properties in Anambra State	0	0%	0	0%	4	22%	12	67%	2	11%
3.Focal properties are used to determine the value of chargeable properties	0	0%	0	0%	4	22%	8	44%	6	33%
4. Orphaned properties are properties with no similar features with the focal properties used in determining the values of properties	0	0%	0	0%	5	28%	7	39%	6	33%

According to Table 28, 28% agree and 50% strongly agree, making it 78% of the respondents who indicated that properties are not inspected individually for tax assessment. This shows that inspection and assessment are not carried out on all the chargeable properties. 67% and 11% of the respondents agree and strongly agree that the depreciated replacement cost method of valuation is used for the assessment of all the chargeable properties in the State. 77% of the respondents agree that focal properties are used to determine the assessed value of chargeable properties in the State. 72% of the respondents also agree that there are properties named “orphans” which are properties that have no similar features with the focal properties. This analysis shows that there are some irregularities in the tax assessment process of the Global Mckens Company.

4.9 Research Question 4: The extent of Success recorded by APLUC based on its Yearly Revenue.

The tax revenue from 2011 to 2015 obtained from the Anambra State Ministry of Finance was evaluated to ascertain the performance of APLUC on table 29.

Table 29: APLUC Tax Revenue from 2011 to 2015

Year	Amount realized per annum ₦	Expected revenue per annum(Target) ₦	Shortfall per annum ₦	% Realized
2011	*28,103,771.61*	1,500,000,000.00	1,471,896,228	1.9
2012	21,728,421.73	1,500,000,000.00	1,478,271,578	1.4
2013	48,945,481.76	1,500,000,000.00	1,451,054,518	3.2
2014	93,716,991.99	1,500,000,000.00	1,406,283,008	6.3
2015	82,456,789.32	1,500,000,000.00	1,417,543,211	5.5
Mean	54,990,291.2815	1,500,000,000.00	1,445,009,709	3.7

Table 29 shows that the success rate of APLUC is 3.7 approximately 4%. The expected mean revenue in twenty years time will be six billion naira. N6, 000,000,000.00 (N1, 500,000,000.00 x 4). Therefore if the Government should continue with APLUC, in 20 years time (2035), its mean realized revenue will be two hundred and nineteen million, nine hundred and sixty one thousand, one hundred and sixty five naira, and one hundred and twenty five kobo. N219, 961,165.125 (₦54,990,291.2815 × 4). This analysis clearly shows that in twenty years time, the tax system will only be able to make 3.7% of the expected 20-year mean target. Therefore, the success recorded by APLUC is to a very low extent.

4.10: Research Question five: The extent APLUC satisfies the Elements of a Good Tax Administration.

Kelly (1994), stated that the elements of tax administration namely property identification, assessment, collection, enforcement and appeals must be linked together and their performance determines the success of the tax system. The responses relevant to the inquiry posed are therefore analysed in tables as shown:

Table 30: Tax Administrators' (GLOBAL MCKENS) Percentage and Mean Ratings of APLUC's satisfaction of elements of a Good Tax Administration.

Elements of Tax Administration	SD		D		UN		A		SA		Mean
	N	%	N	%	N	%	N	%	N	%	
Property Identification											
1. Database covers all landed properties in Anambra State	8	44%	6	33%	4	22%	0	0%	0	0%	1.78
2. Database has property owners' details and property attributes	9	50%	7	39%	2	11%	0	0%	0	0%	1.61
3. Database updated annually to effect current changes in	3	17%	5	28%	5	28%	5	28%	0	0%	2.67

property uses											
4. There is synergy between Ministry of Lands and Agency on property transactions	8	44%	7	39%	3	17%	0	0%	0	0%	1.72
5. The database is open for public inspection	11	61%	7	39%	0	0%	0	0%	0	0%	1.39
Mean Property Identification											**1.83**
Tax Collection											
10. Tax demand notices are delivered to every taxable property annually	0	0%	0	0%	0	0%	9	50%	9	50%	4.50
11. Reminders are also delivered to every taxable properties annually	1	6%	13	72%	4	22%	0	0%	0	0%	2.17
12. The property owners pay the taxes promptly at the due dates	5	28%	9	50%	3	17%	1	6%	0	0%	2.00
Mean Tax Collection											**2.89**
Tax Enforcement											
13. The government keeps track of non-compliant property owners	0	0%	0	0%	0	0%	9	50%	9	50%	4.50
14. The property owners pay the tax willingly	6	33%	7	39%	1	6%	4	22%	0	0%	2.17
15. The judicial machinery for prosecuting offenders is effective	2	11%	1	6%	1	6%	10	56%	4	22%	3.72
16. The enforcement strategies like sealing of properties of tax offenders has increased compliance	0	0%	3	17%	5	28%	9	50%	1	6%	3.44

17. Tax enforcement is mostly carried out on commercial properties like Hotels, Schools and Office buildings	0	0%	0	0%	0	0%	11	61%	7	39%	4.39
Mean Tax Enforcement											**3.64**
<u>Tax Assessment Appeal</u>											
18. There is a functional tax assessment appeal tribunal for taxpayers to register their grievances	3	17%	10	56%	5	28%	0	0%	0	0%	2.11
19. The tribunal has a venue and time for sitting	10	56%	8	44%	0	0%	0	0%	0	0%	1.44
20. Relevant professionals like Estate Surveyors and Valuers and Lawyers are members of the appeal tribunal	5	28%	9	50%	4	22%	0	0%	0	0%	1.94
Mean Tax Assessment Appeal											**1.83**
Grand Mean											**2.74**

Table 30 shows the analysis of the tax administrators' responses to the questions on the elements or components of a good tax administration. On whether the property database used by the tax administrators covers all properties in the State, 77% of the respondents disagree. 89% of the respondents also disagree that the database has property owner's details and property attributes. 83% disagree that a synergy exists between the Ministry of Lands and the agency to help the agency track property transactions. 100% of the respondents disagree that the database is open for public inspection. This shows that the agency has not achieved much in the area of property identification. 100% of the respondents agree that tax demand notices are delivered to every chargeable property annually but 78% indicated that reminders are not delivered annually to all chargeable properties. 88% disagree that property owners pay their taxes at due dates. This shows that the agency makes effort to deliver the demand notices but do not remind or encourage the property owners to pay. In the area of tax enforcement, 100% of the respondents affirm that the agency keeps proper track of non compliant property owners. 69% disagree that property owners pay the tax willingly while 78% agree that the judicial machinery for prosecuting offenders is effective. 56% agree that sealing of properties of tax offenders has increased compliance while 100% of the respondents agree that enforcement is mostly carried out on commercial properties. 73% of the respondents disagree that a functional tax appeal tribunal is available for taxpayers. 100% indicate that the tribunal has neither no sitting venue nor time. 78% disagree that the tribunal has relevant professionals as members. The mean ratings on the various components of property tax administration, namely property identification, tax collection, tax enforcement, and tax assessment appeal are 1.83, 2.89, 3.64 and 1.83 and a grand mean of 2.74. This shows that to a low extent, proper property identification and tax assessment appeal are done, tax collection is achieved to a moderate extent but tax enforcement is achieved on a high extent although only on commercial properties. The grand mean of 2.74 shows that APLUC is properly administered to a moderate extent.

The tax payers also expressed their views on the administration of APLUC on table 31.

Table 31: Tax Payers' Percentage and Mean Ratings of APLUC's Satisfaction of Good Tax Administration

Elements of Tax Administration	SD		D		UND		A		SA		Mean
	N	%	N	%	N	%	N	%	N	%	
Tax Collection											
1. Demand notices and reminders are served yearly	12	3%	98	27%	26	7%	213	59%	9	3%	2.77

on property											
2. Taxpayers are reminded and encouraged to pay tax after getting demand notices	50	14%	119	33%	54	15%	132	37%	3	1%	2.46
3. Property owners pay the tax willingly	38	11%	186	52%	70	20%	60	17%	4	1%	3.34
4. Property owners do not encounter problems making payments at designated banks	0	0%	57	16%	16	4%	232	65%	53	15%	3.78
Mean Tax Collection											**3.09**
Tax Enforcement											
5. Taxpayers are aware of tax penalties and sanctions	10	3%	80	22%	64	18%	186	52%	18	5%	3.34
6. Penalties for late payment have made taxpayers pay the tax promptly	8	2%	87	24%	91	25%	147	41%	25	7%	3.26
7. Sealing of property for non- payment have made taxpayers to pay promptly	19	5%	88	25%	81	23%	155	43%	15	4%	3.16
8. The government has been sealing up lots of properties lately	74	21%	160	45%	84	23%	35	10%	5	1%	2.27

for non-payment of APLUC											
Mean Tax Enforcement											**3.00**
Tax Assessment Appeal											
9. Taxpayers are aware of right to appeal if not satisfied with tax amount	148	41%	89	25%	1	2%	2	1%	83	23%	2.99
10. Taxpayers not satisfied with tax value, object at the panel set up by the government	74	21%	160	45%	84	23%	35	10%	5	1%	2.27
11. Aggrieved taxpayers have confidence in the tax appeal system	57	16%	197	55%	69	19%	35	10%	0	0%	2.23
12. Aggrieved taxpayers have confidence in the tax appeal system	57	16%	197	55%	69	19%	35	10%	0	0%	2.23
Mean Assessment Appeal											**2.43**
Grand Mean											**2.82**

Based on the analysis on Table 31, only 59% of the respondents agree to have received demand notices and reminders yearly on their properties. 47% of the respondents disagree to have been reminded and encouraged to pay the tax after receiving demand notices while 15% is undecided.63% disagree that property owners pay the tax willingly. 80% of the respondents agree that they do not encounter problems making payments at designated banks. Although the tax administrators claim to serve demand notices to every chargeable property yearly as shown on table 30, not many property owners agree to have received these demand notices. Again, 57% of the respondents are aware of the tax penalties and sanctions. 48% agree these penalties have made taxpayers pay the tax promptly, while 26% disagree and 25% is undecided. 47% agree that sealing of properties for non payment of the tax has made taxpayers pay the tax promptly, 23% are undecided while 30% disagree. A lot of property owners are not aware of the tax penalties and sanctions. The penalties and sanctions have not also increased compliance. 66% of the respondents are not aware of their right to appeal if not satisfied with tax amount. 66% also do not agree that tax payers object at the panel set up by the government. 71% are of the opinion that aggrieved tax payers have no confidence in the tax appeal system. The mean rating for tax collection, tax enforcement and tax assessment appeal are 3.09. 3.00 and 2.43 respectively. This shows that tax collection and tax enforcement are carried out to a moderate extent while tax assessment appeals are achieved to a low extent. The grand mean of 2.82 shows that tax administration is administered to a moderate extent.

Table 32: Estate Surveyors and Valuers' Overall Assessment of the Administration of APLUC.

No	Themes	N	%
1	Non-Adherence to principle of equity (Benefit tax)	6	30
2	Poor Assessment	10	50
3	Poor Administration	2	10
4	Tax Payer Education	1	5
5	Non adherence to principle of equity(Ability to pay)	1	5
	Total	20	100.0

Table 32, shows the Estate Surveyors and Valuers' general opinions of the administration of the APLUC. Of the 20 comments from 20 respondents, 6 revolve around the theme of Non-Adherence to the principle of equity (benefit tax). Cumulatively, this represents 30% of the responses. On the other hand, poor assessment method was the most dominant theme from the responses as this represents 50% of the responses while this was followed by poor administration which represents 10% and Non-adherence to principle of equity (Ability to pay) which represents 5%. This suggests that poor administration which also includes the assessment of the tax is a dominant problem of APLUC.

4.11 Research Question six: The Evaluation of the Property Tax System based on the Principles of a good Property Tax System.

A good property tax system must be fair, equitable, transparent, proportionate to benefits received from the government, efficient, politically acceptable to the payers, set in simple language and others.

The Estate Surveyors and Valuers views on how APLUC satisfies the principles of a good property tax system are presented and analysed on table 33.

Table 33: To what extent does APLUC satisfy the principles of good property tax system?

	SD		D		UN		A		SA		Mean
	N	%	N	%	N	%	N	%	N	%	
The tax assessment process is fair and equitable	18	51%	14	40%	3	9%	0	0%	0	0%	2.43
The whole process of tax administration is transparent and open for	10	29%	19	54%	6	17%	0	0%	0	0%	1.89

public inspection											
The tax can be seen as a benefit tax	7	20%	17	49%	6	17%	4	11%	1	3%	2.29
The tax reflects the ability to pay principle	7	20%	11	31%	11	31%	4	11%	2	6%	2.51
The penalties for late payment of tax and sealing of properties for non-payment is not rigid	12	34%	14	40%	3	9%	6	17%	0	0%	2.09
Grand Mean											**2.24**

Data displayed in table 33 shows that 91% of the respondents disagree that the tax assessment process is fair and equitable. 83% disagree that the whole process of tax administration is transparent and open for public inspection. 69% of the respondents are of the view that the tax cannot be seen as a benefit tax. 51% does not agree that the tax reflects the ability to pay principle of taxation. 74% sees the penalties and sanctions as rigid. This shows that the tax is not fair, equitable, and not transparent. A grand mean is 2.24 is an indication that APLUC does not satisfy the principles of good property tax system.

To further ascertain the extent to which APLUC satisfies the principles of good taxation such as fairness and equity: ability to pay and being a benefit tax, two additional analyses were done using direct measures. These are presented from tables 34 and 35.

Table 34: Assessment of Taxpayers' Ability to pay tax Principle of APLUC Tax based on Tax Value and Annual Income

Type of occupation	Annual income	Mean	N	% of Tax Value to Annual Income
Rented	N300,000.00 - 600,000.00	25,000.00	2	4% - 8%
	N700,000.00 - N1,000,000.00	100,000.00	2	10%-14%
	N1,100,000.00 - N1,400,000.00	118,124.00	4	8% - 11%
	N1,500,000.00 - N1,800,000.00	55,000.00	4	3% - 4%
	N1,900,000.00 & above	114,996.22	37	6% & Above
	Total	106,068.49	49	
Owner occupied	N300,000.00 - 600,000.00	51,666.67	6	9% -17%
	N700,000.00 - N1,000,000.00	59,585.38	13	6% - 9%
	N1,100,000.00 - N1,400,000.00	59,103.05	22	4% - 5%
	N1,900,000.00 & above	151,472.45	106	8% & Above
	Total	125,448.69	147	
Partly rented, Partly Owner Occupied	N1,500,000.00 - N1,800,000.00	57,000.00	6	3% - 4%
	N1,900,000.00 & above	119,548.57	7	6% & Above
	Total	90,680.00	13	

Table 34 displays the mean tax value across types of property occupation (rented and partly rented, owner occupied and partly owner occupied). As shown in the table, two of the owners of rented properties whose annual income ranged from N300,0000.00 - 600,000.00 are expected to be on an average annual tax value of N25,000 which is between 4% and 8% of their annual income whereas those in similar category whose annual income ranged from N1,500,000.00 - N1,800,000.00 are expected to pay an average of N55,000.00 which is between 3% and 4% of their annual income.

For owner occupied property, the owners whose annual income ranged between N300,000 - N600,000 are expected to pay an average annual tax value of N51,666.67 which is between 9% - 17% of their annual income while those in the same category whose annual income ranged from N1,100,000 - N1,400,000 are expected to pay an average annual tax value of N59,103.05 which is between 4% - 5% of their annual income.

This shows that the tax is not based on the ability of the tax payers to pay. It demonstrates lack of fairness and equity as those with higher income seem to pay less than others with low income.

A good tax system should not only able to capture the location but also the impact the availability of basic amenities has on the property. According to Ogbuefi (2004), properties in better locations that have access to more basic amenities should get a higher tax than those with fewer amenities. It should be a benefit tax. The case of APLUC is shown below.

Table 35: Assessment of Benefit Tax Principle in APLUC Tax based on Tax Value, Type of property, Location of Property and Availability of Amenities

Type of occupation	Property location	Availability of good roads, water, electricity & refuse dump					
		None		1-2		3-4	
		Mean	N	Mean	N	Mean	N
Rented	Awka	141,206.67	9	98,000.00	3	110,000.00	15
	Nnewi	100,000.00	2	-	-	123,333.33	6
	Onitsha	72,062.00	8	83,000.00	2	75,000.00	4
	Total	**107,755.58**	**19**	**92,000.00**	**5**	**107,600.00**	**25**
Owner occupied	Awka	118,000.00	3	51,295.25	12	142,398.33	36
	Nnewi	38,620.00	2	3,579.00	6	127,501.11	36
	Onitsha	12,532.00	10	72,500.00	4	190,552.63	38
	Total	**37,104.00**	**15**	**42,137.14**	**22**	**154,158.00**	**110**
Partly rented, Partly Owner Occupied	Awka	6,000.00	3	101,800.00	3	108,000.00	3
	Nnewi	-	-	-	-	132,860.00	2
	Onitsha	-	-	-	-	132,860.00	2
	Total	**6,000.00**	**3**	**101,800.00**	**3**	**122,205.71**	**7**

The result displayed in table 35 shows that rented properties without any of the necessary amenities (good roads, water, electricity and refuse dumps) were expected to pay an average of annual tax value of N107,755.58 while those in the same location with 3-4 of the amenities pay a little less (N107,600.00).

Analysis based on location unveils similar pattern. For instance, in Awka rented properties without access to any of the amenities paid a lot higher than those with access to 1 - 2 or 3 – 4 of the essential amenities. However, in Onitsha, an average annual tax value for rented properties without access to amenities paid was insignificantly less than those with 1-2 or 3-4.

For owner occupied properties, the average annual tax value across the different levels of access to amenities, according to property location was different. For instance, in Awka, owner occupied properties without access to none of the amenities paid a lot more than those with 1-2 but a little less than those with access to 3 - 4 amenities. This also applies to those located in Nnewi and Onitsha. Only for properties partly rented and partly owner occupied was the annual average tax value for those with access to none of the amenities lower than those with amenities. The overall result suggests that APLUC is not a benefit tax.

4.12 Section D: Hypothesis Testing

4.12.1Testing of Hypothesis One

$H_{O;}$ There is no significant difference between the provisions of the Anambra State Property and Land Use Charge Law (APLUC) No. 1 of 2011 and that of UN - HABITAT (2011).

The Chi Square test was used for the analysis. It is a statistical test applied to sets of categorical data to evaluate how likely it is that any observed difference between the sets arose by chance. A comparison is done to evaluate how well the APLUC Law met the conditions provided by UN-HABITAT (2011) as seen on table 36.

Table 36: Chi Square test of the Comparisons of the provisions of APLUC with UN-HABITAT.

		Components Not Included	Components Included	Total	df	X^2	*P*-value	Decision
UN_HABITAT	Observed N	0	25	25	1	10.98	.001	Significant
	Expected N	4.5	20.5	25				
	Row %	0%	100%	100%				
Anambra	Observed N	9	16	25				
	Expected N	4.5	20.5	25				
	Row %	36%	64%	100%				
Total	Observed N	9	41	50				
	Expected N	9	41	50				
	Row %	18%	82%	100%				

This shows that the provisions of the Anambra State Property and Land Use Charge (APLUC) Law is significantly less than the components of a good property tax law as provided by UN-HABITAT, X^2 (df 1) = 10.998, P< 0,05. Therefore, it is concluded that there is a significant difference between the provisions of the Anambra State Property and Land Use Charge Law No. 1 of 2011 and that of UN-HABITAT (2011). This finding agrees with that made on the visual observation of the raw data in section A, table 4.

4.12.2 Hypothesis two

H_o ; There is no significant difference between the provisions of the APLUC Law and the Land Use Charge Laws of Edo, Enugu and Lagos.

The APLUC Law and the Land Use Charge laws of Edo, Enugu and Lagos States were compared to determine the differences between them. The analysis using Chi- Square test is shown on table 37.

Table 37: Comparison of Provisions of other States Property Tax Laws with APLUC:

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.136[a]	3	.987
Likelihood Ratio	.134	3	.987
Linear-by-Linear Association	.081	1	.776
N of Valid Cases	100		

In table 37, there is a chi-square (X^2) of 0.136, with a degree of freedom of 3 obtained at a level of significance (P-value) of 0.987 which is greater than 0.05.It is concluded that there is no significant difference between the provisions of APLUC and that of Edo, Enugu and Lagos States. The provisions of the property tax laws of the three states are similar with that of APLUC and all are not consistent with international standard. This tallies with the findings of Ogbuefi (2004) and Oni (2009), about the inconsistencies in the Lagos State Land Use Charge Law and Egolum (2016) about the anomalies in the Enugu State Land Use Charge Law.

4.12.3 Hypothesis three

H_o; The property tax assessment method adopted by the Anambra State Government is not consistent with known equitable principles of taxation.

Basic concepts should guide the Government in designing and implementing an equitable tax system. A property tax assessment system should be such that;

- Tax burden should be shared appropriately among all chargeable properties.
- Tax payers are not over taxed.
- Tax assessment and determination should be easy to understand by an average taxpayer.
- Encourages voluntary compliance to the maximum extent possible.

The one Sample **t-** test was used for the analysis. It determines whether the sample mean is statistically different from a known or hypothesized population mean (test mean). The test uses the standard deviation of the sample to estimate the population standard deviation. If the difference between the sample mean and the test mean is large relative to the variability of the sample mean, then the sample mean is unlikely to be equal to the test mean. The acceptance point for the items is 3.5 and any mean below 3.5 is rejected. The analysis was done based on the responses of Estate Surveyors and Valuers and shown on table 38.

Table 38: Sample t-test analysis on Appropriateness of Tax Assessment Method Adopted by the Anambra State Government.

	One-Sample Statistics					
	N	Mean	Test Value	df	t-	P-value
The capital value basis of assessment which taxes the total worth of the property and the unrealized gains which is appropriate for an annual tax in Anambra State	35	2.06	3.50	34	-6.66	.000
The Depreciated Replacement Cost method which is the tax assessment used by Anambra State government is appropriate for all property types	35	1.89	3.50	34	-7.76	.000

The use of Depreciated Replacement Cost Method which under-appraises high values properties and over-appraises low value properties is appropriate for use in annual tax like APLUC	35	2.23	3.50	34	-5.96	.000
Anambra State Government's use of Depreciated Replacement Cost Method in property assessment allocates equal tax burdens to similar properties without considering the location of the properties which is appropriate	35	2.09	3.50	34	-7.14	.000
Government's adoption of focal properties assessed using the Depreciated Replacement Cost method in determining the tax values of properties gives tax values which are objective and equitable.	35	1.91	3.50	34	-7.84	.000

The data in table 38 shows a calculated t-values of -6.66,-7.76, -5.96, -7.14,-7.84 and a *P-value = .000* (<0.05). Since the t-values are high and the *P*-values are less than 0.05, it was decided that the respondents' observed mean rating of appropriateness of using the depreciated replacement cost method adopted by APLUC (Mean = 2.06,1.89.2.23,2.09) were significantly less than the test value (3.50). Therefore, it was concluded that the property tax

assessment method adopted by APLUC was not appropriate and not consistent with known equitable principles of taxation. The capital value basis and the depreciated replacement cost method of tax assessment are not appropriate for the property tax assessment in Anambra.
The study found that the basis of assessment of APLUC is the capital value and the valuation model the agency claim to employ is the Depreciated Replacement Cost Method of valuation in the assessment of the tax. The use of the depreciated replacement method of tax assessment by the agency tend to under-value high value properties relative to low value properties because it is not linked to income received from the property.

The Global Mckens Company used depreciated replacement cost method of valuation to value some focal properties which they use as prototype to assess other properties in Anambra State without regard to other factors that affect value like location, physical condition, facilities and others. They engaged the services of some Estate firms who came up with assessment values of different property classes. For instance, one storey building, buildings on two floors, three floors, and so on. Using the GIS software, properties are called up with their data, after which the focal properties are used as prototypes to assess other properties. The pictures of the properties and the value of the focal properties determine the amount payable. Properties with same characteristics carry same values while those without comparables are referred as "orphaned properties". The use of the depreciated replacement method for assessing properties for tax should only be used in a nearly stagnant economy according to Ogbuefi (2004) while Mbadiwe (1988) states that it should only be applicable in cases where no rent is passing on the property or there is no evidence of rents.
The agency uses the model below to compute the property tax in Anambra State.

Capital value of Land + Buildings

Less 75% State Government Discount

Then apply government approved tax rate

Example: Property-A is a commercial property with the following assessment;

Land Value=₦1,350,000

Building Value=₦25,000,000

Assessed Value=₦1,350,000 + ₦25,000,000 = ₦26,350,000

75% of ₦26,350,000 =₦6,587,500

Therefore , ₦6,587,500 * 0.35% (Tax Rate)

APLUC = ₦23,056.

The assessment is based on the capital value of the property and the government gives a discount of 75% of the capital value. It means that the tax is on 25% of the capital value. Therefore with a tax rate of 0.35% it shows that 9% (0.0035of 0.25* 100) of the capital value of properties are paid annually as tax which is very high. It is also not clear what informed this government discount of 75%.The analysis exposes the inconsistencies in the assessment of the tax. As stated in Oni (2010), property tax must be certain, fair, equitable and based on income that is net of outgoings which is obtained from a property and not on capital value. According to Lent (1974), tenancy usually dominates in developing countries; records of rental contracts will appear to provide a more reliable basis for assessing property tax. Dillinger (1992) emphasized that annul rental value should be the basis if the majority of the property is held leasehold with an active rental market as it is the case in Anambra State. Egolum (2016) then emphasized that rental value offers a more rational and equitable basis of assessment in line with social justice of pay as you enjoy. According to Oni (2009), the capital value basis can only be appropriate if the tax is paid once -and –for- all.

4.12.4 Testing of Hypothesis Four

$H_{o;}$ Anambra State Property and Land Use Charge (APLUC) is not properly administered in the state.

Kelly (1994) stated that the elements of tax administration namely property identification, assessment, collection, enforcement and appeals must be linked together and their performance determines the success of the tax system. The different components of tax administration were analysed as shown on table 39.

Table 39: Sample T- test analysis on the extent the Anambra State Property and Land Use Charge (APLUC) is properly administered in the State.

	N	Mean	Test Value	df	t	P-value
Mean: Property Identification	18	1.83	3.50	17	-19.39	.000
Mean: Tax Assessment	18	2.89	3.50	17	-6.06	0.00
Mean: Tax Collection	18	3.50	3.50	17	7.86	0.00
Mean: Tax Enforcement	18	3.64	3.50	17	1.92	.071
Mean: Tax Assessment Appeal	18	1.83	3.50	17	-19.31	.000

The results in table 39 shows that calculated t-values for the five components of tax administration were -19.39, -6.06 and 7.86,1.92 and -19.31 with *P-values* = *.000* (<0.05). Since the t-value on the tax collection and enforcement of APLUC were positive, and the *P-*value was less than 0.05, except tax enforcement whose p-value is 0.071, it was decided that the respondents' mean rating on tax collection and enforcement of APLUC (Mean =3.50 and 3.64) was significantly greater than the test value (3.50) which suggests that tax collection and enforcement is carried out to a moderate extent. On the other hand, the t-values associated with proper property identification, tax assessment, and appeals were -19.39, -6.06, and -19.31with corresponding *P-values* less than 0.05 indicate that respondents' mean ratings on proper identification, tax assessment, and appeals (1.83, 2.89, 3.00 and 1.83) were significantly less than 3.50. Therefore, it was decided that APLUC was not properly administered in the State.

Analysis of questionnaires and interview data shows that tax administration is poor. The APLUC database is outdated with incomplete and inaccurate information. This is also evident in the statement of one of the key staff of Global Mckens who stated that…" *The maps being used for tax bill distribution this year were printed two years ago*" (*Interview Transcript 01*).

The tax assessment process is ambiguous. Taxpayers are not involved in the assessment. According to the tax administrators, the tax assessments are based on previously done valuations and adjusted based on the features of the focal properties and that was why they created a new terminology in property tax assessment called "orphan properties". These are properties which have no similar features with the focal properties.(Interview Transcript 02 and 03). Tax collection and enforcement are also moderately achieved (Table 27). The Estate Surveyors' opinions on the administration of the tax on Table 28 show that poor administration is a dominant problem of APLUC. The hypothesis on tax administration statistically tested with one sample t-test revealed that although tax collection and enforcement (although mostly on commercial properties) seem high, proper property identification, assessment and appeals remained low.

4.12.5 Testing of Hypothesis Five

H_o; The Anambra State Property and Land Use Charge (APLUC) does not satisfy the Principles of a good property tax system.

A tax system is adjudged good when it is fair and equitable, simple, transparent and open, acceptable to the public among others. Responses from Estate Surveyors and Valuers who are the experts in property taxation were analysed on table 40 to determine the extent APLUC satisfies the principles of a good property tax system.

Table 40: Sample T- test on the extent the Anambra State Property and Land Use Charge (APLUC) satisfies the principles of a good property tax system

	N	Mean	Test Value	Df	t	P-value
The tax assessment process is fair and equitable	35	2.43	3.50	34	-9.68	.000
The whole process of tax administration is transparent and open for public inspection	35	1.89	3.50	34	-14.13	.000
The tax can be seen as a benefit tax	35	2.29	3.50	34	-7.07	.000
The tax reflects the ability to pay principle	35	2.51	3.50	34	-5.20	.000
The penalties for late payment of tax and sealing of properties for non-payment is not rigid	35	2.09	3.50	34	-7.84	.000

Using the one sample t-test, APLUC does not satisfy the principles of a good property tax system as shown by the t-values (-9.68, -14.13, -7.07,-5.20 and -7.84) and their corresponding with *P-values* (<0.05). The mean ratings of 2.43, 1.89, 2.29 and 2.51 are all significantly less than the test value of 3.5. it is therefore concluded that APLUC satisfies the principles of good taxation to a low extent. It is not a benefit tax neither is it based on the ability of the taxpayers to pay. Properties having the same features in the same location do not pay the same tax and properties that command more income seem to pay less than properties with lesser income. The whole process of tax assessment and administration is not transparent and open for public inspection.

4.12.6 Testing of Hypothesis six

H_o ; There is no significant difference between the tax values obtained by the Government and the tax values obtained by using income-based assessment methods.

A comparison was done using the APLUC 2015 tax bills and researcher's calculated values. APLUC tax bills were got from fifteen (15) properties in Awka, Onitsha and Nnewi. (*See Appendix H*) and assessments (2011 -2015) were also carried out on the same properties using income based assessment methods. (*See Appendix F).*

The Paired Sample **t**- test was employed in testing this hypothesis. This statistical method is used to determine the significant differences between two sample means. It compares the mean difference of two sets of scores for a given sampled unit and it is presented in the table below:

Table 41: Paired Sample t-test Comparison of APLUC Tax Values and Researcher Obtained Tax Values Using Income-based Assessment Method

Property Type	APLUC Value (2011-2015)		Researcher Calculated Value (2011-2015)		Mean Difference	df	t-value	*P*-value
	Mean	SD	Mean	SD				
Residential (n = 15)*	26,589.32	8,503.01	2,160.07	616.25	24,429.25	14	10.99	.000
Office Complex (n=15)*	19,029.77	1,655.98	5,925.20	2,152.68	13,104.57	14	43.09	.000
Schools (n= 15)*	19,833.16	8,441.68	21,454.87	10,527.57	-1,621.71	14	-1.46	.168
Hospitals (n=15)*	33,086.73	16,410.30	56,926.21	36,378.92	-23,839.48	14	-3.79	.002
Hotels (n=15)*	111,215.49	86,322.66	40,010.77	40,582.21	71,204.73	14	4.66	.000

*Awka = 5, Nnewi =5, Onitsha = 5

Using paired sample t-test, there was a significant difference between APLUC tax values and researcher's calculated values using income based assessment methods as shown by the t-values (10.99, 43.09, -3.79 and 4.66) for four out of the five property types assessed and their corresponding *P-values* (< 0.05). We reject the null hypothesis. Therefore, there is a significant difference between the tax values obtained by the Government and the tax values obtained by using income-based assessment methods.

The analysis of the secondary data shows that the property tax assessment in the State should be based on income from the property. Hypothesis six tested with Paired Sample T-test shows a significant difference between the APLUC tax values and Researcher calculated tax values using income based assessment methods. Therefore, the null hypothesis was rejected. It is concluded that the use of income based assessment methods is more appropriate.

The APLUC bills of fifteen (15) properties picked randomly from Awka, Onitsha and Nnewi were used for the analysis (*See Appendix H*). A look at the tax bills confirmed some anomalies in the tax assessment process. The 2015 APLUC bill of a property on No.23 Ifenu Lane, Inland Town Onitsha, was delivered in May, 2016. The property is an office block on four flats. It has the following details:

Land Value - ₦ 4,234,332.33

Building Value - ₦ 14,356,443.44

2015 Tax Value - ₦ 16,266.93

2011 – 2014 - ₦ 17,181.945 annually. (There have been no revaluations over the years).

Firstly, the land value is low for the location. Secondly, the building value is also unrealistic for a commercial storey building with four flats in Inland town, Onitsha. The tax value for 2011 to 2015 is higher than the tax value for 2015.

Another property, a rented one storey building with four flats located on Regina Caeli Road , Awka. This property has the following:

Land Value - ₦ 1,875,637.41

Building Value - ₦ 18,376,344.00

2015 Tax Value - ₦ 17,720.48

2011 -2014 - ₦ 19,049.515 annually.

Both the land and building values are unrealistic for the said property in that location. Tax value also decreased in 2015.

Yet another property, a school building at Onwuka Street, Nnewi. The property is a bungalow on a single floor providing 10 Nos classroom and Office.

Land Value - ₦ 8,256,419.67

Building Value - ₦ 3,834,561.09

2015 tax - ₦ 10,579.61

2011 -2014 - ₦ 10,579.61

In this case, the land value is within the price range but the value of the building is very low. The tax value in this case was same from 2011 to 2015.

The researcher was informed by the staff of Global Mckens that the tax values have been same from 2011 to 2014 although they are lumped up as arrears on the APLUC bills. It was observed that the tax values were lower in the last bill which was the 2015 bill. These issues pointed out above were seen in most of the bills used for the study (See *Appendix H).* It can be said after considering all these that the tax values were not derived from any assessment and they are also manipulated at will. This resonates in the statement of one of the interviewed APLUC staff when he said…." *Our company is trying so much. As you can see, the 2015 tax is smaller than that of last year. It was reduced because people have been complaining of high tax.(Interview Transcript 04)".* Furthermore, the researcher's calculated tax values for residential buildings; stores and offices using the rental income are low so an increase in tax rate is recommended for such properties. The capital value system of valuation is generally considered to be a tax on wealth and the depreciated replacement method gives high values. It is obvious that this system has not worked for the Government in the administration of APLUC so they resorted to the manipulation of tax values thereby impacting negatively on the efficiency, tax equity and invariably tax revenue.

4.12.7 Section D: Interview Analysis

Themes that emerged from the Tax Administrators (Global Mckens Limited) Interview Analysis.

The interview transcripts were read and coded to identify the major themes arising from the administration of APLUC by the Global Mckens Limited. They are identification of properties, assessment of properties, collection and enforcement of tax and appeals. Detailed discussions of the themes are presented below:

4.12.8 Property Identification

In the words of one of the key staff of Global Mckens Limited in the discussion of the availability of a tax database:

> "*Global Mckens makes use of a tax database though not comprehensive. We have cadastral maps of most of the local governments and of course they are updated manually. The GIS system broke down a few months ago so we have not been able to print out new maps. The maps being used for tax bill distribution this year were printed two years ago". (Interview Transcript.01)*

This suggests that though there is a database, it does not cover all the properties in Anambra State. It is incomplete and has inaccurate property information. This same idea was also expressed by another staff who noted:

"*You know how capital intensive such projects are, we paid so much to get it to the level it is currently and we are doing our best to make it perfect. (Interview Transcript 02)"*

It seems therefore, that there was no coordination between the agency and the Ministry of Lands, Physical Planning and Rural Development on landed property transactions in the state. The process of property Identification was done solely by the Agency.

4.12.9 Tax Assessment

The ambiguity of the tax assessment process also emerged from the researcher's interaction with the tax administrators. It was evident in the words of the staff:

"*I would just say that every property owner is given a fair tax . properties with same features pay same tax. I think what we are doing is good enough because it will cost a fortune to conduct valuation of all properties in the state . (Interview Transcript 01)".*

In the same vein, another staff expressed a similar position when he noted that:

"Already determined values by Estate Surveyors are used as guide in determining the tax values. Property owners are reluctant to provide information on their properties so they are not involved in the assessment process.(Interview Transcript 02)"

Yet in the words of another staff:

"*We try to give similar values to properties with same features. Properties which do not match with focal properties are called "orphan Properties" and we carry out valuation on these properties.(Interview Transcript 03*)"

In the words of another staff (Tax Bill distributor when asked the reason for the low compliance):

"Our company is trying so much. As you can see, the 2015 tax is smaller than that of last year. It was reduced because people have been complaining of high tax.(Interview Transcript 04)"

These suggest that the tax administrators are not adopting a tax assessment system that is consistent with known principles of property taxation. Values of properties are determined based on features of the properties alone. The location of the property is not considered. It is also obvious that the tax values are not determined by Estate Surveyors and they are manipulated at will.

4 .12.10 Tax Collection and Enforcement

Collection of the property tax levied is the most important function of the tax administrator and the inability to perform this task is the bane of the tax. However, the theme emerging from the discussions with the tax administrators presents a tax system where taxpayers are coerced to comply. Indeed, the tax administrators interviewed said:

> "*The tax compliance was very low until we had to seal some properties after getting judgments from courts. This enhanced tax compliance a great deal. (InterviewTranscript 01)*" "*People are beginning to respond gradually. Our Enforcement Team is also very vibrant. We have got lots of court Judgments against debtors and execution is in progress.(Interview Transcript 02)*"
>
> *"People cannot run away from paying the tax. Anything the government sets out to achieve it does. We can ensure compliance no matter your status or profession. No one is above the law.(Interview Transcript 03)"*

The above statements suggest that the property owners are not paying the tax willingly.

4.12.11 Appeals

The impression got from the researcher's interaction with the staff of the agency administering the property tax is that, there is no functional appeal tribunal. The tax administrators handle the few complaints they get concerning the assessment of the tax. In the words of one of the key staff:

> *"Few people who have contested their tax values regretted doing so. They were asked to value their properties and bring the reports. They ended up paying what was higher than the value given to them initially because the values they presented were higher.(Interview Transcript 01)".*

This shows that the right assessment methods are not used .It also suggests that the tax appeal tribunal is not functional and tax payers might have lost confidence in the appeal system. This is an indication that the implementation machinery of the tax is not functioning properly.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The study evaluated the law and the administration of APLUC in line with the attributes of a good property tax system with a view to determining the factors affecting the performance of the tax. In order to tackle the stated problems that led to the work, an aim clearly defined was pursued using a set of objectives. Subsequently, six hypotheses were postulated. Due to the need to justify the study, different authors' works on related literature were reviewed. Consequently, the need for the work was established.

The Chi Square test was used to test the first two hypotheses postulated. The Student T-test was used for hypotheses three, four and five while paired sample t- test was used to test hypothesis six.

The summaries of findings are listed as follows:

- There is a significant difference between the provisions of APLUC and UN_HABITAT.
- The comparison of the APLUC Law with those of the other States shows no significant difference in the provisions of the tax laws.
- The basis and method of tax assessment provided by the law are not consistent with known equitable principles of taxation.
- The analysis of yearly tax revenue shows a success rate of only 3.7% which indicates a low performance of the tax system.
- APLUC does not reflect the ability to pay, not a benefit tax and not also transparent and clear.

- Tax collection and enforcement are done to a moderate extent but the administration processes of property identification, assessment, and appeals are done to a very low extent.
- There is a significant difference between the APLUC tax values and Researcher calculated tax values using income based assessment methods.

5.2 Conclusions

From the results of the analyses done, the following conclusions were drawn:

- The provisions of the Anambra State Property and Land Use Charge Law No.1 of 2011 are not consistent with the international standard.
- The provisions of APLUC are similar to the Land Use Charge Laws of Edo, Enugu and Lagos States.
- The APLUC Law has not satisfied the revenue yearnings of the State
- The tax assessment basis and method being used for APLUC is very inappropriate.
- APLUC is not properly administered.
- APLUC does not satisfy the principles of a good property tax system.
- The use of Income based property tax assessment methods is more appropriate than the cost based assessment method adopted by the Government**.**

5.3 Recommendations

Based on the findings the following recommendations are made:

1. The tax law should be reviewed to indicate the basis of allocation of the tax burden to taxpayers since a transparent tax assessment system enhances public acceptability of the tax.
2. The basis of its assessment should be on income generated from property on annual basis as against the market value of property.

3. The APLUC Law should also name Estate Surveyors and Valuers as the expert tax assessors since they are the professionals in valuation for property taxation.
4. The APLUC Law should also include Estate Surveyors and Valuers as members of the tax assessment appeal panel so as a create a transparent assessment system.The Anambra State Government should as a matter of urgency complete the computerization of the land registry, Anambra Land Information Management System (ALIMS). There should also be an integration of the tax administrators into the activities of the Ministry of Lands, Survey and Rural Development. Property information should be available to enable the tax authorities identify property, determine ownership and should be updated frequently to capture the growth in the tax base. This lack of synergy has affected property identification which is the first step in property administration.
5. There is need for professional /expertise input in bills before passage into laws.There should be a synergy between the law makers at various levels of government and relevant professional groups in the drafting and passage of bills into laws in the country. This kind of relationship will go a long way to ensure that the bills are fine tuned and avoidable shortcomings/lapses in the laws are eliminated. Even though the Anambra State Land Use Charge Law 2011 is patterned to an existing land use charge law (Lagos State Land Use Charge already in practice in Lagos), the gaps in the law which are replicated in the APLUC Law would have been better addressed and possibly eliminated.
6. The State government should set up a functional assessment appeal tribunal for the taxpayers to seek redress. An independent panel of taxpayers, Estate surveyors & valuers and Lawyers should be set up by the government to address this issue.
7. The authorities should provide more tax education to the populace. Many taxpayers are not aware of the contents of the tax law; they do not know their rights and responsibilities in the system for instance, the right to appeal. Tax education will make the taxpayers

understand the whole process of taxation and this will improve their perception of the fairness of the tax system and increase compliance.

8. Lighter sanctions like public exposure, seizure of other valuables and cutting off public services should be considered for nonpayment of the property tax.

5.4 Contributions to Knowledge

This work has contributed the following to knowledge:

- This work has exposed the defects of the Anambra State Property and Land Use Charge No. 1 of 2011. It has shown that the APLUC Law is not consistent with the international standard.
- The APLUC Law has similar features with the Land Use Charge Laws of Edo, Enugu and Lagos States.
- This work has shown that APLUC has not met the revenue yearnings of the State. It has given a prediction of what Anambra State Government stands to lose in 20 years should she continue with APLUC.
- It has demonstrated that the tax assessment in the state should be based on an annual income from properties and not on the total worth of the properties.
- This study has also revealed that the tax values given to the property owners by the Government were concocted and not based on any tax assessment process.
- Using a large scale empirical data, it has shown that the tax administration has challenges in the areas of Property Identification, Assessment, and Appeals.
- APLUC does not also satisfy principles of a good property tax system.

These are major contributions to knowledge.

5.5 Suggestions for further research

This research was based on the three major towns of Anambra State only. Studies could be done on the effects of Anambra Property and Land Use Charge (APLUC) on rural development.

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APPENDIX A
Population for Data Generation

Local Government Area	**No. of Properti-Es**
Awka South	25,669
Onitsha North	10,289
Onitsha South	9,333
Nnewi North	9,117
Total	17,729
	61,848

Source- ***Global Mckens Ltd, 2015***

APPENDIX B

Sample population for each local government area

Local Government Area	No of Properties
Awka South	166
Onitsha North	60
Onitsha South	59
Nnewi North	115
Total	400

APPENDIX C

Introductory Letter

Department of Estate Management,
Faculty of Environmental Sciences,
Nnamdi Azikiwe University,
Awka.
12th March, 2016.

Dear Respondent,

REQUEST TO COMPLETE QUESTIONNAIRE ITEMS FOR RESEARCH PURPOSES

The researcher is a Ph.D student of the Department of Estate Management, Nnamdi Azikiwe University, Awka. She is conducting a study on the "Appraisal of Anambra State Property and Land Use Charge (APLUC)". The researcher writes to solicit your cooperation in responding to the questions in the questionnaire. Please, feel free to express your honest opinions. Your responses will be used only for academic purposes and will be treated with utmost confidentiality.

Thanks for your anticipated cooperation.

Yours faithfully,

Odimegwu Chinwe (Mrs)

PROPERTY OWNERS

PART A

1. Property Location ---

2. Type of Property

    a) Land ☐
    b) Living house ☐
    c) Living house/shop or warehouse ☐
    d) Private School ☐
    e) Private Hospital ☐
    f) Industry ☐
    g) Bank ☐
    h) Office ☐
    i) Filling Station ☐
    j) Hotel ☐

3. Highest Educational Qualification

    a) Primary ☐
    b) Secondary ☐
    c) Higher Education ☐
    d) Others (specify) ☐

4. Annual Income

    a) ₦3O0, 000 - ₦600, 000 ☐
    b) ₦700, 000 - ₦1,000, 000 ☐
    c) ₦1,100, 000 - ₦1400, 000 ☐
    d) ₦1,500, 000 - ₦1800, 000 ☐
    e) ₦ 1900, 000 & above

5. How did you acquire the property?

    a) Acquired with loan ☐
    b) Bought with personal funds ☐
    c) Self constructed with loan ☐
    d) Self constructed with personal funds ☐
    e) Inherited ☐
    f) Leasehold ☐

6. Use of Property

a) Residential

b) Commercial

c) Residential/Commercial

d) Agricultural

e) Industrial

7. Type of Occupation

a) Rented

b) Owner occupied

c) Partly rented, partly owner occupied

8. Property Characteristics

a) Building type-

i. Bungalow

ii. Block of flats

iii. Duplex

iv. Shop/Office

v. Tenement

vi. Warehouse

b) Construction

i. Roof material

ii. Walls

iii. Floor

c) Accommodation size (Number)

i. Bedroom numbers/ Classrooms

ii. Sitting room/Offices

iii. Kitchen

iv. Toilet

v. Bathroom

vi. Garage

9. Amenities

a) Good Roads

b) Water

c) Electricity

d) Refuse dumps ☐

e) Toilet Facilities ☐

10. How much was your last tax value? ....

12. Have you ever paid the property tax? Yes ☐ No ☐

13. If yes, what made you to pay the tax?

i. To perform your civic duty ☐

ii. To perfect land title documents ☐

iii. Property was sealed by the tax administrators ☐

iv. Fear of penalties and sanctions ☐

SECTION B

Please indicate your agreement on the following statements on TAX COLLECTION , TAX ENFORCMENT and TAX ASSESSMENT APPEAL of APLUC by ticking inside the appropriate column.

TAX COLLECTION	STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE
Demand notices and reminders are served every year on your property					
Property owners are reminded and encouraged to pay their tax after getting demand notices.					
Property owners pay the tax willingly					

Property owners do not encounter problems making tax payments at the designated banks					
TAX ENFORCEMENT	**STRONGLY AGREE**	**AGREE**	**UNDECIDED**	**DISAGREE**	**STRONGLY DISAGREE**
Taxpayers are aware of tax penalties and sanctions.					
Penalties for late payment of the tax have made property owners pay the tax promptly					
The sealing of properties for non-payment after three months has made property owners pay the tax promptly					
The government has been sealing up lots of properties lately for non payment of APLUC					
APPEALS	**STRONGLY AGREE**	**AGREE**	**UNDECIDED**	**DISAGREE**	**STRONGLY DISAGREE**
Property owners					

are aware of their right to object or appeal if not satisfied with the tax values					
Property owners not satisfied with the tax value always object at the appeal panel set up by the government.					
Aggrieved tax payers have confidence in the tax appeal system set up by the government					

ESTATE SURVEYORS AND VALUERS

1. Grade/Level -Fellow ☐ Associate ☐
2. Number of years of practice 1 - 5 years ☐ 6 – 10 years ☐ 10 years and above ☐
3. Have you ever been involved in the valuation of properties for the APLUC Tax
   Yes ☐ No ☐
4. Are you aware of the method of assessment of tax under APLUC?....................................
5. If yes, what is the basis of assessment?
   Capital value ☐ Annual value ☐
6. What do you think should be the basis for the assessment of APLUC ?

Capital value ☐ Annual value ☐

7. The best property tax assessment method for residential properties in Anambra State is Income Method ☐ Market Comparison ☐
   Profit Method ☐ Depreciated Replacement Cost ☐

8. The best property tax assessment method for commercial properties is Income Method ☐ Market Comparison ☐
   Profit Method ☐ Depreciated Replacement Cost ☐

9. The best property tax assessment method for industrial properties in Anambra State is Income Method ☐ Market Comparison ☐
   Profit Method ☐ Depreciated Replacement Cost ☐

10. The best property tax assessment method for Agricultural properties in Anambra State is Income Method ☐ Market Comparison ☐
    Profit Method ☐ Depreciated Replacement Cost ☐

11. The best property tax assessment method for Recreational properties in Anambra State is Income Method ☐ Market Comparison ☐
    Profit Method ☐ Depreciated Replacement Cost ☐

12. The property tax assessment method adopted by the Anambra State Government in the administration of APLUC is Income Method ☐ Market Comparison ☐
    Profit Method ☐ Formula Method ☐ Depreciated Replacement Cost ☐

13. The capital value basis of assessment taxes the total worth of the property and the unrealized gains and therefore appropriate for an annual tax in Anambra State
    Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐
    Strongly Disagree ☐

14. The Depreciated Replacement Cost method is the tax assessment method used by the government is appropriate for all property types in Anambra State.

Strongly Agree Agree Undecided Disagree Strongly Disagree

15. The Depreciated Replacement Cost method under- appraises high value properties and over –appraises low value properties which is appropriate for an annual tax like APLUC.

Strongly Agree Agree Undecided Disagree Strongly Disagree

16. The use of Depreciated Replacement Cost method in property assessment in Anambra State allocates equal tax burdens to similar properties without considering the location of the properties and is therefore not appropriate. Strongly Agree Agree Undecided Disagree Strongly Disagree

17 .The government adoption of focal properties valued using the Depreciated Replacement Cost in determining the tax values of properties by the government gives tax values which are objective, equitable and uniform.

Strongly Agree Agree Undecided N Disagree Strongly Disagree

18. The whole process of the tax administration is transparent and open for public Inspection. Strongly Agree Agree Undecided Disagree Strongly Disagree

19. The tax assessment method is fair and equitable

Strongly Agree Agree Undecided Disagree Strongly Disagree

20. The tax can be seen as a benefit tax

Strongly Agree Agree Undecided Disagree Strongly Disagree

21. The tax system reflects the "ability to pay" principle

Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐
Strongly Disagree ☐

22. The penalties for late payment of tax and sealing of properties for non payment of the tax can be said to be rigid.

Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐
Strongly Disagree ☐

23. What is your overall assessment of the administration of the tax?..

QUESTIONNAIRE FOR GLOBAL MCKENS (TAX ADMINISTRATORS)

PROPERTY IDENTIFICATON

1. The database used for the administration of the property tax covers all landed properties in Anambra State. Strongly Agree ☐ Agree ☐ Undecided ☐
Strongly Disagree ☐

2. The database has property owners' details and complete property attributes like location, landmarks, type of building, facilities, property value and tax value.

Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐

3. The database is updated annually to effect current changes in property uses .

Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐

4. There is a synergy between the Ministry of Lands, Survey and Rural Development and the Agency on landed property transactions in the state.

Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐

5. The database is open for public inspection.

Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐

TAX ASSESSMENT

1. Inspection of properties and the assessment of the tax is outsourced.

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐

2. Properties are not inspected individually for tax assessment.

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐

3. Which property tax assessment method is used in the determination of tax values in Anambra State . Income method ☐ Profit method ☐ Market Comparison ☐ Depreciated Replacement Cost method ☐

4. Kindly indicate the reasons for adopting the tax assessment method.
   Cost of administration ☐ Convenience of administration ☐ Better Coverage ☐
   Staff Strength ☐ Choice ☐ Facilities ☐

5. Depreciated Replacement Cost method is used for the tax assessment of all the properties in Anambra State.

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐

6. Orphaned properties are properties with no similar features with the focal properties used in determining the tax values of properties.

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly Disagree ☐

TAX COLLECTION (GLOBAL MCKENS)

1. Tax demand notices are delivered to every taxable property annually.

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐
   Strongly Disagree ☐

2. Reminders are also delivered to every taxable property annually.

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐
   Strongly Disagree ☐

3. The property owners pay the taxes promptly at the due dates

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐
   Strongly Disagree ☐

TAX ENFORCEMENT

1. The government keeps track of non-compliant property owners.

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐
   Strongly Disagree ☐

2. The property owners pay the tax willingly

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐
   Strongly Disagree ☐

3. The judicial machinery for prosecuting offenders is effective

   Strongly Agree ☐ Agree ☐ Undecided ☐ Disagree ☐
   Strongly Disagree ☐

4. The enforcement strategies like sealing of properties of tax offenders has increased compliance . Strongly Agree ☐ Agree ☐ Undecided ☐
   Disagree ☐ Strongly Disagree ☐

5. Tax enforcement is mostly carried out on commercial properties like Hotels, Schools and Office buildings.

   Strongly Agree Agree Undecided Disagree

   Strongly Disagree

TAX APPEAL

1. There is a functional tax assessment appeal tribunal for taxpayers to register their grievances.

   Strongly Agree Agree Undecided Disagree

   Strongly Disagree

2. The tribunal has a venue and time for sitting

   Strongly Agree Agree Undecided Disagree

   Strongly Disagree

3. Relevant professionals like Estate Surveyors and Valuers and Lawyers are members of the appeal tribunal.

   Strongly Agree Agree Undecided Disagree

   Strongly Disagree

APPENDIX D

RELIABILITY ANALYSIS FOR TAX PAYERS' QUESTIONNAIRE

Tax Payers' Questionnaire
Scale: Tax Collection

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded[a]	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.746	4

Scale: Tax Enforcement

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded[a]	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.815	4

Scale: Tax Assessment Appeal

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded[a]	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.746	4

Reliability

Scale: Overall

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded[a]	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.725	12

RELIABILITY OF QUESTIONNAIRE FOR ESATE SURVEYORS

Scale: Appropriateness of assessment Method

Reliability Statistics

Cronbach's Alpha	N of Items
.948	5

Scale: Principles of Good Tax System

Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded[a]	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.762	5

Scale: Overall

Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded[a]	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.782	10

Reliability: Global McKens' Staff Questionnaire (Tax Administrators)

Scale: Identification

Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded[a]	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.713	5

Scale: Tax Assessment

Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded[a]	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.852	4

Scale: Tax Collection

Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded[a]	0	.0
	Total	10	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.852	4

Scale: Tax Collection

Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded[a]	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.750	3

Scale: Tax Enforcement

Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded[a]	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.760	5

Scale: Tax Assessment Appeal

Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded[a]	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.878	3

Scale: Overall

Case Processing Summary

		N	%
Cases	Valid	18	100.0
	Excluded[a]	0	.0
	Total	18	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.853	20

APPENDIX F

SPSS OUTPUT

Research Question 1

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
State * Comparisons of Provisions of Property Tax Law With U-HABIT	50	100.0%	0	0.0%	50	100.0%

State * Comparisons of Provisions of Property Tax Law With U-HABIT Crosstabulation

			Comparisons of Provisions of Property Tax Law With U-HABIT		Total
			Components Not Included	Components Included	
State	UN_HABITAT	Count	0	25	25
		% within State	0.0%	100.0%	100.0%
	Anambra	Count	9	16	25
		% within State	36.0%	64.0%	100.0%
Total		Count	9	41	50
		% within State	18.0%	82.0%	100.0%

Hypothesis 1

State * Comparisons of Provisions of Property Tax Law With U-HABIT Crosstabulation

			Comparisons of Provisions of Property Tax Law With U-HABIT		Total
			Components Not Included	Components Included	
State	UN_HABITAT	Count	0	25	25
		Expected Count	4.5	20.5	25.0
		% within State	0.0%	100.0%	100.0%
	Anambra	Count	9	16	25
		Expected Count	4.5	20.5	25.0
		% within State	36.0%	64.0%	100.0%
Total		Count	9	41	50
		Expected Count	9.0	41.0	50.0
		% within State	18.0%	82.0%	100.0%

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
State * Comparisons of Provisions of Property Tax Law With U-HABIT	50	100.0%	0	0.0%	50	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	10.976[a]	1	.001		
Continuity Correction[b]	8.672	1	.003		
Likelihood Ratio	14.468	1	.000		
Fisher's Exact Test				.002	.001
Linear-by-Linear Association	10.756	1	.001		
N of Valid Cases	50				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 4.50.

b. Computed only for a 2x2 table

Crosstabs

Research Question 2

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
State * Comparisons of Provisions of Property Tax Law With U-HABIT	100	100.0%	0	0.0%	100	100.0%

State * Comparisons of Provisions of Property Tax Law With U-HABIT Crosstabulation

			Comparisons of Provisions of Property Tax Law With U-HABIT		Total
			Components Not Included	Components Included	
State	Anambra	Count	9	16	25
		% within State	36.0%	64.0%	100.0%
	Edo	Count	8	17	25
		% within State	32.0%	68.0%	100.0%
	Enugu	Count	8	17	25
		% within State	32.0%	68.0%	100.0%
	Lagos	Count	8	17	25
		% within State	32.0%	68.0%	100.0%
Total		Count	33	67	100
		% within State	33.0%	67.0%	100.0%

Hypothesis 2

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
State * Comparisons of Provisions of Property Tax Law With U-HABIT	100	100.0%	0	0.0%	100	100.0%

State * Comparisons of Provisions of Property Tax Law With U-HABIT Crosstabulation

			Comparisons of Provisions of Property Tax Law With U-HABIT		Total
			Components Not Included	Components Included	
State	Anambra	Count	9	16	25
		Expected Count	8.3	16.8	25.0
		% within State	36.0%	64.0%	100.0%
	Edo	Count	8	17	25
		Expected Count	8.3	16.8	25.0
		% within State	32.0%	68.0%	100.0%
	Enugu	Count	8	17	25
		Expected Count	8.3	16.8	25.0
		% within State	32.0%	68.0%	100.0%
	Lagos	Count	8	17	25
		Expected Count	8.3	16.8	25.0
		% within State	32.0%	68.0%	100.0%
Total		Count	33	67	100
		Expected Count	33.0	67.0	100.0
		% within State	33.0%	67.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.136[a]	3	.987
Likelihood Ratio	.134	3	.987
Linear-by-Linear Association	.081	1	.776
N of Valid Cases	100		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.25.

The extent of appropriateness of using the DEP replacement cost assessment method

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Inappropriate	20	80.6	80.6	80.6
Inappropriate	4	5.6	5.6	86.1
Undecided	4	11.1	11.1	97.2
Very appropriate	2	2.8	2.8	100.0
Total	35	100.0	100.0	

		Are you aware of the method ofassessment of tax under APLUC	if Yes, what is the basis of assessment	What do you think should be the basis for assessment of APLUC should be based
N	Valid	35	35	35
	Missing	0	0	0

Frequency Table

Are you aware of the method ofassessment of tax under APLUC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	14.3	14.3	14.3
	No	30	85.7	85.7	100.0
	Total	35	100.0	100.0	

if Yes, what is the basis of assessment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Capital Value	5	14.3	14.3	14.3
	Not Applicable	30	85.7	85.7	100.0
	Total	35	100.0	100.0	

What do you think should be the basis for assessment of APLUC should be based

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Capital value	2	5.7	5.7	5.7
	Annual value	33	94.3	94.3	100.0
	Total	35	100.0	100.0	

Frequencies

Statistics

		What is the best property tax assessment method for residential properties	What is the best property tax assessment method for commercial /industrial properties	What is the best property tax assessment method for Agricultural properties	What is the best property tax assessment method for Recreational properties
N	Valid	35	35	35	35
	Missing	0	0	0	0

Frequency Table

What is the best property tax assessment method for residential properties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	income/Investment	33	94.3	94.3	94.3
	market comparison	2	5.7	5.7	100.0
	Total	35	100.0	100.0	

What is the best property tax assessment method for commercial /industrial properties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	income/Investment	8	22.9	22.9	22.9
	dep. replacement cost	17	48.6	48.6	71.4
	market comparison	6	17.1	17.1	88.6
	profit method	4	11.4	11.4	100.0
	Total	35	100.0	100.0	

What is the best property tax assessment method for Agricultural properties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	income/Investment	5	14.3	14.3	14.3
	dep. replacement cost	5	14.3	14.3	28.6
	market comparison	5	14.3	14.3	42.9
	profit method	20	57.1	57.1	100.0
	Total	35	100.0	100.0	

What is the best property tax assessment method for Recreational properties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	income/Investment	3	8.6	8.6	8.6
	dep. replacement cost	13	37.1	37.1	45.7
	market comparison	1	2.9	2.9	48.6
	profit method	18	51.4	51.4	100.0
	Total	35	100.0	100.0	

DESCRIPTIVES VARIABLES=Appropriateness_Dep_Repcost
/STATISTICS=MEAN STDDEV MIN MAX.

[surveyor_yes2] C:\Users\mycl\Desktop\ct chinwe kennedy\Surveyors - new dataset.sav

One-Sample Test

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Appropriateness of using the DEP replacement cost assessment method	35	1.00	5.00	1.4000	1.06274
Valid N (listwise)	35				

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
The assessment process is fair,clear and equitable	35	1.00	3.00	2.4286	.65465
The whole processis transparent and open for public nspection	35	1.00	3.00	1.8857	.67612
The tax can be seen as a benefit tax	35	1.00	5.00	2.2857	1.01667
The tax reflects the ability to pay principle	35	1.00	5.00	2.5143	1.12122
Valid N (listwise)	35				

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  /TESTVAL=3.0
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  /VARIABLES=Appropriateness_Dep_Repcost
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T-Test

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One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Appropriateness of using the DEP replacement cost assessment method	35	1.4000	1.06274	.17964

	Test Value = 3.0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Appropriateness of using the DEP replacement cost assessment method	-8.907	34	.000	-1.60000	-1.9651	-1.2349

Frequencies

Statistics

		What is the best property tax assessment method for residential properties	What is the best property tax assessment method for commercial /industrial properties	What is the best property tax assessment method for Agricultural properties	What is the best property tax assessment method for Recreational properties
N	Valid	35	35	35	35
	Missing	0	0	0	0

Frequency Table

What is the best property tax assessment method for residential properties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	income/Investment	33	94.3	94.3	94.3
	market comparison	2	5.7	5.7	100.0
	Total	35	100.0	100.0	

What is the best property tax assessment method for commercial /industrial properties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	income/Investment	8	22.9	22.9	22.9
	dep. replacement cost	17	48.6	48.6	71.4
	market comparison	6	17.1	17.1	88.6
	profit method	4	11.4	11.4	100.0
	Total	35	100.0	100.0	

What is the best property tax assessment method for Agricultural properties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	income/Investment	5	14.3	14.3	14.3
	dep. replacement cost	5	14.3	14.3	28.6
	market comparison	5	14.3	14.3	42.9
	profit method	20	57.1	57.1	100.0
	Total	35	100.0	100.0	

What is the best property tax assessment method for Recreational properties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	income/Investment	3	8.6	8.6	8.6
	dep. replacement cost	13	37.1	37.1	45.7
	market comparison	1	2.9	2.9	48.6
	profit method	18	51.4	51.4	100.0
	Total	35	100.0	100.0	

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DESCRIPTIVES VARIABLES=Appropriateness_Dep_Repcost
  /STATISTICS=MEAN STDDEV MIN MAX.
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Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Appropriateness of using the DEP replacement cost assessment method	35	1.00	5.00	1.4000	1.06274
Valid N (listwise)	35				

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
The assessment process is fair,clear and equitable	35	1.00	3.00	2.4286	.65465
The whole processis transparent and open for public nspection	35	1.00	3.00	1.8857	.67612
The tax can be seen as a benefit tax	35	1.00	5.00	2.2857	1.01667
The tax reflects the ability to pay principle	35	1.00	5.00	2.5143	1.12122
Valid N (listwise)	35				

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  /MISSING=ANALYSIS
  /VARIABLES=Appropriateness_Dep_Repcost
  /CRITERIA=CI(.95).
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T-Test

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One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Appropriateness of using the DEP replacement cost assessment method	35	1.4000	1.06274	.17964

One-Sample Test

	Test Value = 3.0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Appropriateness of using the DEP replacement cost assessment method	-8.907	34	.000	-1.60000	-1.9651	-1.2349

Hypothesis four

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Tax_Awareness	358	3.3361	.59040	.03120
Tax_Collection	358	2.7004	.63220	.03341
Tax_Enforcement	358	2.7318	.50857	.02688

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Tax_Awareness	10.772	357	.000	.33613	.2748	.3975
Tax_Collection	-8.966	357	.000	-.29958	-.3653	-.2339
Tax_Enforcement	-9.976	357	.000	-.26816	-.3210	-.2153

Hypothesis Three

		Value Label	N
property location	1.00	Awka	87
	2.00	Nnewi	54
	3.00	Onitsha	68
use of property	1.00	Residential	26
	2.00	commercial	121
	3.00	Residential/ commercial	24
	4.00	Agricultural	17
	5.00	Industrial	21

Report

Last Tax value

use of property	building type	property location	Mean	N	Std. Deviation
Residential	bungalow	Onitsha	35,000.0000	2	.00000
		Total	35,000.0000	2	.00000
	Block of flats	Awka	100,933.3333	9	6,527.63357
		Nnewi	120,000.0000	2	.00000
		Onitsha	30,000.0000	4	23,094.01077
		Total	84,560.0000	15	36,618.51210
	Shop/Office	Awka	98,000.0000	3	.00000
		Total	98,000.0000	3	.00000
	Tenement	Onitsha	43,000.0000	2	.00000
		Total	43,000.0000	2	.00000
	Total	Awka	100,200.0000	12	5,722.68214
		Nnewi	120,000.0000	2	.00000
		Onitsha	34,500.0000	8	16,151.07250
		Total	78,109.0909	22	35,701.17924

commercial	bungalow	Awka	81,250.0000	12	33,920.02626
		Nnewi	100,000.0000	2	.00000
		Onitsha	100,714.2857	14	43,005.23863
		Total	92,321.4286	28	38,139.17357
	Block of flats	Awka	116,682.5000	24	20,572.94070
		Nnewi	110,264.4444	18	25,598.17416
		Onitsha	128,541.6667	24	58,330.93680
		Total	119,244.5455	66	39,771.50457
	Duplex	Awka	126,500.0000	6	29,029.29555
		Nnewi	100,000.0000	2	.00000
		Onitsha	1,010,000.0000	2	.00000
		Total	297,900.0000	10	376,088.47954
	Shop/Office	Awka	125,000.0000	3	.00000
		Onitsha	83,000.0000	2	.00000
		Total	108,200.0000	5	23,004.34742
	Total	Awka	109,097.3333	45	30,100.86396
		Nnewi	108,398.1818	22	23,385.32459
		Onitsha	159,071.4286	42	199,516.50618
		Total	128,212.2936	109	127,239.44808
Residential/ commercial	Block of flats	Onitsha	151,624.0000	4	1,875.23367
		Total	151,624.0000	4	1,875.23367
	Duplex	Awka	141,080.0000	12	15,660.94389
		Nnewi	143,160.0000	8	.00000
		Total	141,912.0000	20	11,961.96499
	Total	Awka	141,080.0000	12	15,660.94389
		Nnewi	143,160.0000	8	.00000
		Onitsha	151,624.0000	4	1,875.23367
		Total	143,530.6667	24	11,503.57759
Industrial	Warehouse	Awka	234,540.0000	9	152,589.48555
		Nnewi	183,826.6667	6	157,691.53924
		Onitsha	230,953.3333	6	117,360.04953
		Total	219,025.7143	21	139,628.45457
	Total	Awka	234,540.0000	9	152,589.48555
		Nnewi	183,826.6667	6	157,691.53924
		Onitsha	230,953.3333	6	117,360.04953
		Total	219,025.7143	21	139,628.45457
Total	bungalow	Awka	81,250.0000	12	33,920.02626
		Nnewi	100,000.0000	2	.00000
		Onitsha	92,500.0000	16	45,898.43861
		Total	88,500.0000	30	39,569.88580
	Block of flats	Awka	112,387.2727	33	19,120.54315
		Nnewi	111,238.0000	20	24,398.16292

		Onitsha	119,109.2500	32	61,694.87067
		Total	114,647.4824	85	41,121.37386
	Duplex	Awka	136,220.0000	18	21,367.54328
		Nnewi	134,528.0000	10	18,197.85384
		Onitsha	1,010,000.0000	2	.00000
		Total	193,908.0000	30	222,673.15033
	Shop/Office	Awka	111,500.0000	6	14,788.50905
		Onitsha	83,000.0000	2	.00000
		Total	104,375.0000	8	18,173.27315
	Tenement	Onitsha	43,000.0000	2	.00000
		Total	43,000.0000	2	.00000
	Warehouse	Awka	234,540.0000	9	152,589.48555
		Nnewi	183,826.6667	6	157,691.53924
		Onitsha	230,953.3333	6	117,360.04953
		Total	219,025.7143	21	139,628.45457
	Total	Awka	127,123.0769	78	68,252.43063
		Nnewi	128,236.8421	38	66,765.97103
		Onitsha	149,153.6000	60	177,183.72035
		Total	134,873.9545	176	116,973.15018

Tests of Between-Subjects Effects

Dependent Variable: Last Tax value

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	632071177278.843[a]	14	45147941234.203	4.136	.000
Intercept	1198578231863.848	1	1198578231863.848	109.810	.000
location	1145437601.279	2	572718800.640	.052	.949
use_property	376874745330.161	4	94218686332.540	8.632	.000
location * use_property	87323060987.283	8	10915382623.410	1.000	.437
Error	2117522199903.243	194	10915062886.099		
Total	5696440664385.000	209			
Corrected Total	2749593377182.086	208			

a. R Squared = .230 (Adjusted R Squared = .174)

T-Test

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	APLUC Value	111,215.4947	15	86,322.66142	22,288.41534
	Research Calculated Value	40,010.7667	15	40,582.21421	10,478.28265

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	APLUC Value & Research Calculated Value	15	.798	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	APLUC Value - Research Calculated Value	71,204.72800	59,222.80075	15,291.26140	38,408.23411	104,001.22189	4.657	14	.000

```
USE ALL.
COMPUTE filter_$=(Property_Type = 4(Hospitals).
VARIABLE LABELS filter_$ 'Property_Type = 4 (FILTER)'.
VALUE LABELS filter_$ 0 'Not Selected' 1 'Selected'.
FORMATS filter_$ (f1.0).
FILTER BY filter_$.
EXECUTE.
T-TEST PAIRS=APLUC_Value WITH Researcher_Valued (PAIRED)
  /CRITERIA=CI(.9500)
  /MISSING=ANALYSIS.
```

T-Test

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	APLUC Value	33,086.7280	15	16,410.30429	4,237.12235
	Research Calculated Value	56,926.2067	15	36,378.92456	9,392.99793

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	APLUC Value & Research Calculated Value	15	.836	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	APLUC Value - Research Calculated Value	-23,839.47867	24,380.13767	6,294.92448	-37,340.74889	-10,338.20845	-3.787	14	.002

APPENDIX G

Demonstration Valuation of properties using income based methods Hotel building at Onitsha

Description and Location

The premises is almost rectangular in shape, developed with 1 No modern design one storey building and an utility bungalow. The hotel has 20 Nos lodging accommodation, 2 Nos Conference Room, a Bar and a Restaurant. The premises is beautified and adorned with flowers for enhanced aesthetics. Furthermore, the property is located at 13 Bent close G.R.A Onitsha. The neighborhood is a low density residential known for housing rich and prominent persons in the society.

Valuation Analysis

The Profit method of valuation was employed in the valuation of the property.

Lodging accommodation- 20 rooms @ ₦4000 per day.

Monthly- 2,400,000

Less void@40%- 1,440,000

Yearly- x 12

Lodging Income- ₦17,280,000

Conference halls- 2 Nos@ ₦10000 per week

Monthly - ₦80,000

Yearly- -₦960,000

Less void @ 30%

Conference Hall Income- ₦ 672,000

Bar/Restaurant-

Weekly- -₦150,000

Monthly - -₦600,000

Yearly- x 12

Income - -₦7,200,000

Total Income- 17,280,000 +672,000+ 7200000

₦25,152,000

Less overhead costs and outgoings@50% 12,576,000

Less owners profit @50%

Rateable value ₦6288000

Tax rate at 0.35%

Tax Value (2015) **₦22,008**

Assuming a growth rate of 5%, using proportion method to get the tax values for 2011 -2014

gives: - 100/105* 2015(value) =2014(value)

100/105*2014(value) = 2013(value)

100/105*2013(value) =2012(value)

100/105*2012(value)=2011(value)

Thus,

100/105*22,008 = 20,960 for 2014

100/105*20,960=19,962 for 2013

100/105*19,962=19,011 for 2012

100/105*19,011= 18,106 for 2011

Residential Building at Onitsha

The property under reference is a modern design four bedroom duplex on two floors, well positioned within a relatively large rectangular shaped plot. It lies on a slightly elevated base, the ground floor accommodates one ensuite bedroom, sitting room, kitchen, pantry, lobby and conveniences while the upper cantilevered floor accommodates 3 Nos ensuite bedroom. The property is presently known and identified as No 3 Onwuamaegbu cresent G.R.A Onitsha. The neighborhood is a low density residential with good network of tarred motorable roads.

Valuation Analysis

The rental income method was used for the valuation.

Rent per Annum	₦1,000,000
Less Outgoings @ 30%	
Annual Taxable Income	-₦700,000
Tax rate @0.35%	
Tax value (2015)	**- ₦2, 450**

The rent on the property was ₦ 850,000 in 2011 before it was increased to ₦1, 000, 000 in 2014.

Valuation Analysis

Rent per Annum - ₦ 850,000

Less Outgoings@ 30%

Annual Taxable Income - ₦595, 000

Tax rate @0.35%

Tax Value - ₦2, 083

Therefore, tax values for the years are as follows-

2015 - ₦2,450

2014- ₦2,450

2013- ₦2,083

2012- ₦2,083

2011- ₦2,083

School at Onitsha

The subject property is a private school with a large building providing 19 Nos classroom, offices and stores. The school has a population of about 300 pupils. It locates at No 62 Okosi Road, Onitsha. The neighborhood is a medium density residential cum commercial.

Valuation Analysis

The profit method of valuation was used.

No of Students - 300

Fees per session- ₦ 100,000

Gross income - ₦ 30,000,000

Less overhead costs

And outgoings 50% - ₦15,000,000

Less owner’s profit@50%

Taxable Income- ₦7,500,000

Tax rate @ 0.35%

Tax Value- ₦26,250

Assuming a growth rate of 2% from 2011 to 2015. Using the proportion method gives:-

100/102* 2015(value) =2014(value)

100/102*2014(value) = 2013(value)

100/102*2013(value) =2012(value)

100/102*2012(value)=2011(value)

Then,

2015 - ₦26,250

2014--₦25,735.3

2013- = ₦25,230.7

2012- ₦24,736.0

2011- ₦24,251.0

Hospital at Onitsha

The property under consideration is a high rise 3 storey building on 4 floors. It is well sited within an almost rectangular shaped plot. The building provides 8 Nos 3 bedroom flat. The premises is fenced in medium height block work, finished with metal grill in the front and further allowing for a double leaf metal gate. The property locates at 21 Zik’s Avenue Fegge Onitsha and presently used as Hospital and Maternity.

The valuation was done using the profit method.

Valuation Analysis

Card - ₦8,000 daily

Dispensary - ₦100,000 daily

Consultancy - ₦150,000 daily

Ward (Medical) - ₦200,000 weekly

Ward (Surgical) - ₦700,000 monthly

Card +dispensary+ consultancy- ₦258,000 daily

Monthly - ₦ 7,740,000

Add ward (surgical) - ₦8,440,000

Add ward (medical) ₦ 200,000

X 4

Total income monthly - ₦ 9,240,000

Total income yearly - ₦110,880,000

Less outgoings and overhead

Costs @50% - ₦55,440,000

Less owner's profit@ 50% - ₦27,720,000

Tax rate @0.35%

Tax value - ₦97,020

Assuming a growth rate of 3% gives

100/103* 2015(value) =2014(value)

100/103*2014(value) = 2013(value)

100/103*2013(value) =2012(value)

100/103*2012(value)=2011(value)

Therefore,

2015- ₦97,020

2014- ₦94,194

2013- ₦91,451

2012- ₦**88,787**

2011- ₦ 86,201

Office Building at Onitsha

The subject property is a storey building on 2 floors designated as commercial. The ground floor provides offices on 2 flats while the upper cantilevered floor also provides offices on 2 flats. The property is located at 23 Ifenu lane, Inland town Onitsha. The neighborhood is residential cum commercial.

Valuation Analysis using the Rental Income Method.

4 flats @ ₦360,000 per annum per flat	- ₦1,440,000
Less outgoings@ 30%	
Taxable value	- ₦ 1,008,000
Tax rate @0.35%	
Tax value (2015)	**- ₦3,528**

The rent was ₦ 300,000 in 2011and 2012, and was increased to ₦360,000 in 2013.

4 flats @ ₦ 300,000 per annum per flat	- ₦1,200,000
Less outgoings @30%	
Taxable value	- ₦ 840,000
Tax rate @0.35%	
Tax value (2011 & 2012)	**- ₦ 2,940**

Then we have,

2011 - ₦2,940

2012 - ₦2,940

2013 - ₦3,528

2014 - ₦3,528

2015- ₦ 3,528

Hotel Building at Awka

The premises is almost rectangular in shape, developed with 2 No fairly old design two storey building s. The hotel has 32 Nos lodging accommodation, 2 Nos Conference Room, a Bar and a Restaurant. The premises are paved in mass concrete beautified and adorned with flowers for enhanced aesthetics. Furthermore, the property is located at Chief Dan Maduka Avenue off Chukwuogor Street, Ngene Amawbia. The neighborhood is a medium density residential cum commercial area.

Valuation Analysis using the Profit Method

Lodging accommodation	
32 rooms@ ₦10,000 each	- ₦320,000
Monthly	- ₦9,600,000
Yearly	- ₦115,200,000
Less void 30%	-
Accommodation Income	**- ₦80,640,000**
Conference Halls 3 Nos	
Average of 5 times@ ₦160,000 each	- ₦800,000
Yearly	
Income	**- ₦9,600,000**
Bar/ Restaurant	- ₦80,000 daily
Yearly Bar/Restaurant Income	**- ₦28,800,000**
Total income	- ₦119,040,000
Less overhead costs and salaries@50%	- ₦59,520,000

Less owner's profit @50% - ₦26,760,000

Tax rate@0.35%

Tax value - ₦104,160

Assuming a growth rate of 5%,

2015 - ₦104,160

2014- ₦99,200

2013 ₦4,476

2012 - ₦89,977

2011 - ₦85,692.4

Residential Property at Awka

The property comprises a storey building on two floors consisting of 4 Nos 3 bedroom flat. The building is sited within an almost rectangular shaped lot which lies on a fair level terrain. The subject property is located along Regina Caeli Road, Awka in a high density residential cum commercial layout with good network of tarred motorable roads.

Valuation Analysis

Rent per annum @-₦300,000 for 4 flats - ₦1,200,000

Less outgoings @30%

Taxable value /Net income - ₦840,000

Tax rate@ 0.35%

Tax value (2015) - ₦2,940

Rent was ₦ 280,000 per flat before it was increased to ₦ 300,000 in 2014

Rent per annum@-₦280,000 for 4 flats - ₦1,120,000

Less outgoings @ 30%

Taxable Income -₦ 784,000

Taxrate @0.35%

Tax value (2013) - ₦2,744

2015- ₦2,940

2014 - ₦2,940

2013 - ₦2,744

2012 - ₦2,744

2011 - ₦2,744

School Building at Awka

The subject property consists of a relatively large plot developed with a large school building providing 22 Nos of classroom, offices and stores. The open space is used s playing ground for the pupils. The premises is fenced in high sandcrete blockwork allowing for 2 nos double leaf drive in metal gate for enhanced security. The property locates at J.N.C. Emelife Crescent Obinagu , Awka. The neighborhood is a medium density residential and commercial. It has a good network of accessible routes.

Valuation Analysis

Number of pupils	-500
Fees per session	- ₦75,000
Income	- ₦ 7,500,000
Less overhead costs and outgoings @50%	- ₦187,500,000
Less owner's profit @50%	
Taxable income	- ₦9,375,000
Tax rate @ 0.35%	
Tax value	**- ₦ 32,813**

Assuming a growth rate of 2%

2015 - ₦32,813

2014 - ₦32,170

2013 – ₦31,539

2012 - ₦30,921

2011 - ₦ 30,315

Hospital at Awka

The premises are an irregular shaped large plot developed with a purpose built one storey building and a bungalow. The buildings are well sited within the premises and presently used as a hospital. It is located at Ngene Street, Amawbia. The neighborhood is predominately residential.

Valuation Analysis

Card	- ₦5,000 daily
Pharmacy	- ₦15,000 daily
Consultancy	- ₦150,000 daily
Ward (Medical)	- ₦60,000 daily
Ward (Surgical)	- ₦200,000 monthly
Yearly Total income	**- ₦85,200,000**
Less outgoings and overhead costs@ 50%	- ₦42,600,000
Less owner's profit @50%	
Taxable income	- ₦21,300,000
Tax rate @0.35%	
Tax Value	**- ₦ 74,550**

A growth rate of 3% was taken.

2011 - ₦ 66,237

2012 - ₦ 68,224

2013 – ₦ 70,271

2014 – ₦ 72,379

2015 -₦ 74,550

Commercial Store at Awka

The subject property is a commercial one storey building on two floors well positioned within an almost rectangular shaped plot. The property provides 8 Nos shop on the ground floor while the first floor accommodates 8 Nos office rooms. The property locates at Arthur Eze Avenue, Awka. The neighborhood is a high density residential cum commercial with a good network of tarred roads.

Valuation Analysis

Ground floor (8 shops @₦ 18,000) - ₦ 144,000

First floor (8 offices @₦ 15,000) - ₦ 120,000

Gross Rent per Annum (144,000 +120,000)12 - ₦ 3,168,000

Less outgoings @ 30%

Net income - ₦ 2,217,600

Tax rate @0.35%

Tax Value (2015) - ₦ 7,762

Rent was ₦ 12,200 and ₦ 9,750 monthly per shop on the ground and first floor respectively in 2011 before it was increased to ₦ 18,000 and ₦ 15,000 in 2013

Ground floor rent per annum(8 shops @₦ 12,200 monthly) - ₦1,171,200

First floor rent per annum (8 shops@₦ 9,750 monthly) - ₦936,000

Gross rental income - ₦2,107,200

Less outgoings @30% - ₦,475,040

Tax rate @ 0.35%

Tax value - ₦ 5,162.00

Then,

2011 - ₦ 5,162

2012 - ₦ 5,162

2013 - ₦ 7,762

2014 - ₦ 7,762

2015 - ₦ 7,762

Hotel at Nnewi

This is a two star hotel lying on an irregular shaped piece of land which is developed with a 2 store building on three floors. It provides 24 Nos of lodging accommodation, 2 Nos Conference halls and Conveniences. The property locates along Nnobi Road, Nnewichi, Nnewi. The neighborhood is a medium density residential cum commercial.

Valuation Analysis

Lodging Accomodation -30 rooms @ ₦ 7,000 daily

Income per annum - ₦ 45,360,000

Conference Hall -2Nos @ ₦ 105,000 monthly

Income per annum - ₦ 1,260,000

Bar / Restaurant @ ₦ 45,000 per day.

Income per annum - ₦ 16,200,000

Total income per annum- ₦ 62,820,000

Less overhead costs

and outgoings @50% - ₦ 31,410,000

Less owner's profit@50% - ₦ 15,705,000

Tax rate @0.35%

Tax Value - ₦ 54,968

Assuming a growth rate of 5%,

2015 - ₦ 55,000

2014- ₦ 52,381

2013 - ₦ 49,887

2012 - ₦ 47,511

2011 - ₦ 45,249

Residential at Nnewi

The subject property is a modern design one storey duplex on two floors, constructed within an almost rectangular shaped plot. The neighborhood is a medium density residential cum commercial. The property locates at M.O.C Okanu Street,Abubor Nnewichi, Nnewi with a good network of tarred accessible routes.

Valuation Analysis

Rent per annum @ ₦ 200,000 for 4 flats - ₦ 800,000

Less outgoings@ 40%

Taxable income - ₦ 480,000

Tax rate@ 0.35%

Tax value - ₦ 1,680

Rent per annum @ ₦ 150,000 for 4 flats - ₦ 600,000

Less outgoings @40%

Taxable income - ₦ 360,000

Tax rate@ 0.35%-

Tax value (2011 & 2012) - ₦ 1,260

2015 - ₦ 1,680

2014 - ₦ 1,680

2013 - ₦ 1,680

2012 - ₦ 1,260

2011 - ₦ 1,260

School at Nnewi

The property is a bungalow on single floor providing 10 Nos classroom and Office. The building lies on a fair level terrain. It locates within a high density residential layout with a good network of accessible roads.

Valuation Analysis

No of Pupils	-250
Fee per session @ ₦ 36,000	
Gross Income	- ₦9,000,000
Less Outgoings, overhead costs @50%	
Net income	- ₦4,500,000
Less owner's profit@50%	
Rateable Income	- ₦2,250,000
Tax rate @0.35%	
Tax Value	**-- ₦ 7,875**

Assuming a growth rate of 2% from 2011 to 2015. Using the proportion method gives:-

100/102* 2015(value) =2014(value)

100/102*2014(value) = 2013(value)

100/102*2013(value) =2012(value)

100/102*2012(value)=2011(value)

We have,

2015 - ₦ 7,875

2014 -- ₦ 7,721

2013 - ₦ 7,569

2012 - ₦ 7,421

2011 - ₦ 7,276

Hospital at Nnewi

The property being considered is a decked building used as hospital and maternity. The property is sited within an almost rectangular shaped plot. The property located at No. 1 Hundred Foot Road (now Z.C Obi Avenue) Uruagu, Nnewi. The neighborhood is a high density residential cum commercial, forming part of the central business district.

Valuation Analysis

Card	- ₦ 2000 daily
Pharmacy	- ₦ 6,000
Consultancy	- ₦ 2000
Ward (Medical)	- ₦ 5000
Total Daily Income	- ₦ 15,000
Gross Annual Income	- ₦5,400,000
Less salary, overhead, owner's profit@50%	
Taxable Income	- ₦2,700,000
Tax rate @0.35%	
Tax Value	**- ₦ 9,450**

Taking a growth rate of 3%

2015 - ₦ 9,450

2014 - ₦ 9,175

2013 - ₦ 8,908

2012 - ₦ 8,649

2011 - ₦ 8,397.1

Commercial Building at Nnewi

The property under consideration is a storey building on two floors. It is strategically positioned along New Market Road, Nnewi. The building provides 10 Nos commercial shop on the ground floor while the first floor accommodates 10 Nos office room. The property lies in the high density neighborhood which forms part of the central business district. The locality enjoys good network of tarred and untarred motorable routes.

Valuation Analysis

10 Nos shops (Ground floor) @ ₦ 15,000	- ₦ 150,000
Annual Rental Income	- ₦ 1,800,000
10 Nos shops First Floor @ ₦ 13,000	- ₦ 130,000
Annual Rental Income	- ₦ 1,560,000
Gross Rental Income	- ₦ 3,360,000
Less outgoings@30%	
Taxable Income	- ₦ 2,352,000
Tax rate @0.35%	
Tax value (2015)	**- ₦ 8,232**
10 Nos shops (Ground floor)@ ₦ 13,000	- ₦ 130,000
Annual Rental Income	- ₦ 1,560,000
10 Nos shops (First Floor)@ ₦ 11,000	- ₦ 110,000
Annual Rental Income	- ₦ 1,320,000
Gross Rent	- ₦ 2,880,000
Less outgoings at 30%	- ₦ 2,016,000
Tax rate@ 0.35%	
Tax value (2011 & 2012)	**- ₦ 7,056**

Therefore**,**

2011 - ₦ 7,056

2012 - ₦ 7,056

2013 - ₦ 8,232

2014 - ₦ 8,232

2015- ₦ 8,232

The APLUC tax values and the calculated tax values are shown below.

Table 42

APLUC Tax Values and Researcher's Tax Values (2011- 2015)

APLUC tax values and Researcher's calculated values (2011-2015).sav [DataSet1] - SPSS Statistics Data Editor

File Edit View Data Transform Analyze Graphs Utilities Add-ons Window Help

1 : Property_type 5.0 Visible: 42 of 42 Variables

	Property_type	Town	Apluc_2011	Apluc_2012	Apluc_2013	Apluc_2014	Apluc_2015	Researcher_calculation_2011	researcher_calculation_method_2012	calculation_method_researcher_2013	method_calculation_researcher_2014	Researcher_calculation_2015	VAR00051	VAR00052
1	Hotel	Onitsha	10192.00	10192.00	10192.00	10192.00	10772.00	18106.00	19011.00	19962.00	20960.00	22008.00	.	.
2	Residential...	Onitsha	38395.00	38395.00	38395.00	38395.00	35905.00	2083.00	2083.00	2083.00	2083.00	2450.00	.	.
3	Office com...	Onitsha	17182.00	17182.00	17182.00	17182.00	16267.00	2940.00	2940.00	3528.00	3528.00	3528.00	.	.
4	Hospital	Onitsha	53108.00	53108.00	53108.00	53108.00	61411.00	86201.00	88787.00	91451.00	94194.00	97020.00	.	.
5	School	Onitsha	18329.14	18329.14	18329.14	18329.14	22919.01	24251.00	24736.00	25230.70	25735.30	26250.00	.	.
6	School	Nnewi	10579.61	10579.61	10579.61	10579.61	10579.61	7276.00	7421.00	7569.00	7721.00	7875.00	.	.
7	Hotel	Nnewi	112480.54	112480.54	112480.54	112480.54	104633.60	8397.10	8649.00	8908.00	9175.00	9450.00	.	.
8	Hospital	Awka	25828.43	25828.43	25828.43	25828.43	29118.60	66237.00	68224.00	70271.00	72379.00	74550.00	.	.
9	Hotel	Awka	232775.38	232775.38	232775.38	232775.38	171035.14	85692.40	89977.00	94476.00	99200.00	104160.00	.	.
10	School	Awka	27844.25	27844.25	27844.25	27844.25	36986.75	30315.00	30921.00	3159.00	32170.00	32813.00	.	.
11	Office com...	Nnewi	20970.43	20970.43	20970.43	20970.43	19853.66	7056.00	7056.00	8232.00	8232.00	8232.00	.	.
12	Residential...	Awka	19049.52	19049.52	19049.52	19049.52	17720.48	2744.00	2744.00	2744.00	2744.00	2940.00	.	.
13	Residential...	Nnewi	23255.36	23255.36	23255.36	23255.36	22414.81	1260.00	1260.00	1680.00	1680.00	1680.00	.	.
14	Office com...	Awka	19551.46	19551.46	19551.46	19551.46	18510.26	5160.00	5160.00	7762.00	7762.00	7762.00	.	.
15	Hospital	Nnewi	18198.95	18198.95	18198.95	18198.95	17229.80	8397.10	86490.00	8908.00	9175.00	9450.00	.	.

Data View Variable View

SPSS Statistics Processor is ready

8:33 AM 8/21/2016