



THE ROLE OF ESTATE SURVEYORS AND VALUERS IN REVENUE GENERATION ON LAND RESOURCES

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ABSTRACT

Resources are the valuable items that could be gotten or tapped from something else. Land on the other hand is the top most soil layer of the earth crust. Land be viewed in so many perceptions. It could be viewed from the physical, economical, legal, religion and political concept. To an expert on land management and administration, land goes beyond the solid part of the earth on which we walk on or build our roads and houses. It comprises whatever that is above and beneath the earth crust. That reminds us of the legal maxim which says “quic quid plantator solosolo cedit” meaning, whatever that is attached to the land permanently is part of the land. In a nutshell it means that he who owns the land owns anything thereof. When we talk of revenue, we mean monetary income. How do we now generate income from land? Land could be owned by individual, cooperate or government bodies. With this, whether government or private land, resources can still be tapped from it legally in form of tax i.e. property tax. One thing that needs to be emphasised on is that the subject of taxation is property. Property tax is a tax levied mainly on the real properties i.e. land and building. In Nigeria, Estate Surveyors and Valuers registered under the Act No 24 of 1975 is an expert on property and land matters, property tax inclusive. Hence, this paper examines the roles already assigned and those that should be assigned to the Estate Surveyors and Valuers in property tax administration in the country. To accomplish this task and in addition to the introductory section, this paper examines types of property taxes and why they are good sources of internally generated revenue and finally the concluding part where challenges or problems inhibiting the smooth administration of property tax and continued relevance of the role of Estate Surveyors and Valuer in property tax administration in the country were also discussed.

Kerword: *Revenue Generation, Land Resources, Estate Surveyors And Valuers, Land, Property Tax, Assessment, Tax Administration.*

INTRODUCTION

Property tax is a tax on interest in or on land. The property tax is a potentially attractive means of financing municipal government in developing countries. As a revenue source, it can provide local government with access to a broad and expanding tax base. In contrast to the mix of intergovernmental grants and indirectly taxes that nominate municipal revenues, it can also promote broader efficiency objectives, linking the provision of municipal services more closely to their financing and rationing the consumption of municipal service by price (Dillinger, 1992). Many developing countries have strengthening subnational-local and regional – governments, as one item on their development policy agency. In principle, the most important benefit from decentralization is the increased efficiency (and consequent welfare gain) that comes from moving government closer to the people (Oates, 1972). But, Bahl and Martinez-Vazquez (2008) rhetorically raised a question that in relation to property tax, if effective fiscal decentralization requires meaningful revenue autonomy at the regional and local levels of government, the question is which taxes should be allowed at these levels? This is known in the fiscal decentralization literature as the “tax assignment problem” (Martinez-Vazquez, Mchare and Vaillancourt, 2006).

Although there is some variation in the type of taxes recommended as desirable for providing sub-national governments with revenue autonomy, virtually every student of intergovernmental finance and a myriad of reports on fiscal decentralization design have identified the property tax as one of the best candidate for a mainstay at the subnational level, especially for local governments; but, in Nigeria, this is not yet the case for most of the property taxes.

In Nigeria, Estate Surveyors and Valuers, under the Act No. 24 of 1975, is an expert on property and land matters, property tax inclusive. Hence, the essence of this paper is to examine the roles already assigned and those that should be assigned to the Estate Surveyors and Valuers in property tax administration in the country. To accomplish this task, and in addition to this introductory section, the paper will examine types of property tax and why they are good sources of internally-generated revenue of local /state governments in the country, sequence of property tax administration including the role of Estate Surveyor and Valuer and, finally, the concluding part, where challenges or problem inhibiting the continued relevance of the role of an Estate Surveyor in property tax administration in the country were discussed.

RESEARCH METHODOLOGY APPROACH

The study centered on collection of data from relevant bodies such as Kwara State Internal Revenue Service and Rating Authority Board in the Local Governments Secretariat within Kwara State.

Personal interviews were also conducted from stakeholders and Practicing Estate Surveyors and Valuers were consulted to gather information on the issue.

Nevertheless, secondary data was also collected from textbooks, past theses, past journal papers and other academic work.

3.0. TYPES OF PROPERTY TAXES

Some of these taxes include:

- **Income Tax (with withholding tax as a variant)**
- **Capital Gains Tax**
- **Capital Transfer Tax which is known as inheritance tax (USA) and estate/probate duty (UK)**
- **General Rate/Tenement/Property rate**

Stamp Duty

- **Consent (Governor's) fees**
- **Value-Added Tax**
- **Site Value Rating (not available in Nigeria)**
- **Development Land Tax/Betterment Levy (not available in Nigeria)**
etc.

JUSTIFICATION FOR TAXING PROPRIETARY INTEREST IN LAND RESOURCES

- Ownership of land is synonymous with wealth; and, hence ability to pay may be guaranteed.
- The income from land is generally stable and does not fluctuate wildly from year to year; because of this, the amount that might be levied in taxation can usually be determined accurately in advance.
- Land is by nature durable overtime and, therefore, serves as a permanent or lasting source of revenue.
- Land appreciates in value. It is therefore, a hedge against inflation.

- Land has a unique location which is not geographically mobile but possible, occupationally. It is therefore, easier to track down occupiers /owners of lands and buildings which are subject to tax

ADVANTAGES OF TAXES ON LAND RESOURCES

- The property tax is potential a significant revenue producer for sub-national governments. In the cases of Canada and the US, property tax revenue reach up to 3 to 4 percent of GDP. The Values of land and improvements constitutes a broad base that is growing in virtually all countries at fast rates, and even a modest statutory tax rate can yield very significant amounts of revenue
- The property tax might be seen as a rough kind of benefit charge, and therefore not only as an efficient tax but also as a fair tax.
- The property tax has the desirable feature that much of the tax burden is quite likely to be borne property tax by residents in the jurisdiction where the services financed by property taxes are provided, except, in the case of business premises that sell outside the region
- The property tax has the advantage that it imposes a relatively low compliance cost on tax payers because tax payer intervention in terms of the determination of tax liability is minimal, except in the case of appeals.
- The value of land and improvements is not a tax which the central governments cover; hence they often seem content to leave it to local governments.

DISADVANTAGES OF TAXES ON LAND RESOURCES

- Less efficient and more costly administration in combination with low revenue yields can almost certainly make the property tax losing proposition in terms of revenue yields per Naira of administrative cost.
- Lack of political will to implement the tax. Elected local officials are often in a position to take actions against delinquent taxpayers, because they are not provided with the means to do so and often those who are not in compliance are leaders in the community.

SEQUENCE OF PROPERTY TAX ADMINISTRATION AND THE ROLE OF ESTATE SURVEYORS AND VALUERS.

| | |
|-------------------|--|
| DISCOVERY | enumeration/survey of all taxable properties |
| VALUATION | calculate relative value |
| ASSESSMENT | calculate amount of tax |
| BILLING | inform taxpayer of liability |
| COLLECTION | collect tax payment |

(Source: NIESV Kwara MCPD paper presentation by Prof B.T. Aluko, 2012)

The Estate Surveyor and Valuer as an adviser on land policy, property tax inclusive, could help perform the following in addition to initiating or advising Governments or taxing authorities on the formulation of policies on property tax.

THE ROLE OF ESTATE SURVEYORS AND VALUERS IN REVENUE GENERATION ON LAND RESOURCES.

A. DISCOVERY

- Conduct census/enumeration/survey of all taxable real properties (details) within a taxing jurisdiction (e.g. Geographical referencing system)
- Compile inventory of property owners and their addresses which is normally non-existent in developing countries, either because ownership is disputed, or because deeds registries are unwilling or unable to cooperate with taxing authorities.
- Can advise government on the basis of liability of real property to taxation on land resources. Currently, most states in Nigeria adopt a 'residual approach' by providing on the list of exempted properties.
- Help to gather market data on which valuation of taxable real properties are based to enable all to be uniformly assessed. The market data on which valuations are based is unreliable, as property market are driven underground by high transaction taxes and controls.

B. VALUATION

In accordance with the provisions of the act No.24 of 1975 which established the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON), only the Estate Surveyors and Valuers can carry out valuation of land resources/real property in Nigeria for any purpose, property tax inclusive.

- Can help initiate objection to any assessment or act as an expert witness before any court of competent jurisdiction or Land and valuation tribunals.

- Help to formulate standards on valuation for different property taxation purposes. This will reduce valuation inaccuracies, promote codification of good practice and check incursion into our domestic domain, property valuation discipline, by non-Estate Surveyors and Valuers in the country.
- Can advise Government or the taxing authorities on the appropriate tax bases, such as rental value, capital value, floor area method, etc. The Capital Transfer Tax (CTT) No. 12 of 1979 provides in its section 10 for 'Open Market Value' of taxable properties as tax base.

C. ASSESSMENT

- Can advise Government or the taxing authorities on the appropriate method(s) for each taxable real property type in different tax jurisdiction either in the state or country. For example, for common types of property, use mass appraisal but to address data constraints construction cost, point system to value low-value property, etc. could be used.
- The valuer's role does not end once at all the properties have been discovered and assigned values. To ensure that property records continue to reflect changes in the tax base, discovery and valuation must be ongoing. The more buoyant the tax base and the less the taxing authority must depend on nominal tax rate increases and indexation to maintain the growth of the tax base. This process is known as 'Tone of the list' in property Rating Valuation.
- Help to determine the tax liability as well as the rate nairage or tax rate when working as public servants in tax authorities/rating authorities.

D. BILLING

- While working in tax authorities, help to issue demand notice to each of the taxpayers to inform them the actual tax liability and to explain condition of payment e.g., by cash, cheque, on-line /internet banking, bank certified cheque, e t c. and also when and where to pay.

E. COLLECTION

As a real property tax expert, he can act as consultant for taxing authority in the billing and collection of property taxes.

CHALLENGES OR PROBLEMS HINDERNG THE EFFECTIVE IMPLEMENTATION OF A GOOD TAX SYSTEM.

1. Ignorance
2. Attitude of tax payers and tax authority

3. Poor assessment and valuation problems
4. Absence of appropriate legal documents
5. Lack of appropriate property tax policy
6. Absence or ineffectiveness of appeal machinery

Looking at the problems mentioned above, steps can be taken to minimise them. This can be done by ensuring that expert in property and land matters are consulted to give advice concerning policy formulation and drafting of all legal documents necessary in the implementation of the tax. More so, the execution of tax policies must be carried out by all those that have one thing or the other to do with property taxation. Estate Surveyors and Valuers are also expected to perform their roles in this aspect.

CONCLUSION

This paper has demonstrated that property tax could be veritable source of government revenue in addition to promoting nationalistic tendencies in the citizenry.

It is also trite clear that making property taxes work more effectively in developing and transitional countries in a complex challenge. Although, many ‘internal’ and ‘external’ factors are involved but the future of the property tax in those countries is mainly dependent on four factors: the pace of decentralization, the efficacy of shortcuts to valuation of property, technology catch-up, and the willingness of the central governments to give local governments access to other productive tax bases, hence Estate Surveyors and Valuers must perform their roles as figured out in this paper so as to achieve the objectives of revenue generation on land resources.

RECOMMENDATION.

Though this paper has highlighted the expected roles of the Estate Surveyors and Valuers in the administration of property tax in the country, it is noteworthy to list out some few recommendations.

1. In the area of competition, the profession of Estate Surveying and Valuation must be proactive in justifying their relevance in property tax administration in the country.
2. They can also liaise with the government – Executive and Legislature – in initiating or sponsoring bills or contributing to debates on law making, especially on property taxes and related matters in the country.

3. Seminars, workshops, e t c. would also improve the expertise of the Estate Surveyors and Valuers and it will help broaden/widen their clientele base.
4. Lastly, the Board (ESVARBON) and the Institution (NIESV) can help compile or audit list of real property taxes in the country and they can be made effective or implementable as a pool of information needed for effective property tax administration exercise.

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