

Workshop 2: Rethinking Property Identification and Registration for Tax Purposes

The foundation for an effective system of recurrent property taxation is a comprehensive register of all properties in a given jurisdiction, such that all properties are subject to taxation. Having a comprehensive property register is essential both to revenue potential and to fairness and public trust – taxpayers are unlikely to trust a property tax system in which some properties are subject to taxation and others are not. In practice, virtually all property tax systems in lower-income countries are plagued by incomplete registers of properties. Presentations from the second ATI&LOGRI workshop underlined key challenges associated with ineffective property identification systems and strategies and avenues for reform, with examples from Senegal, Sierra Leone, and Uganda.



Aerial view, Rwanda

Key Challenges Associated with Property Identification and Registration

1. **Challenges of having comprehensive property registers:** In Freetown, Sierra Leone, for example, only about 50% of assessable properties were captured prior to the reform launched in 2019. Both Uganda and Senegal have similarly faced major challenges in creating comprehensive registers of properties for tax purposes. In Dakar, Senegal, for instance, before the recent nationwide census reform, only 15% of properties eligible for taxation were captured in the property register.¹
2. **A variety of factors causing incomplete property registers:** Incomplete property registers have historically reflected a variety of factors, including manual administrative processes that complicate identification of unregistered properties, ineffective processes for identi-

fyng and registering newly built properties and, in some cases, political interference or corruption that allows some properties to remain unregistered.

3. Overlooked strategic challenges:

- a. **Legal Restrictions:** In many countries legislation, or existing practice, dictates that only properties that have been legally registered within national cadasters can be taxed. However, across lower-income countries, national cadasters are often severely incomplete, creating an additional barrier to comprehensive property taxation.
- b. **Intergovernmental cooperation:** In many countries, local governments, or national tax agencies responsible for property tax collection, rely on national land agencies to provide the lists of properties eligible for taxation. Where those national land agencies lack motivation, or intergovernmental cooperation and data sharing is ineffective, it can present a serious barrier to effective taxation.

“Cadaster First” vs “Property Tax First” Approaches

Reflecting these challenges, recent research has argued for a shift from “cadaster-first” to “property tax-first” approaches to registering properties for property taxation. Experiences such as in Freetown show the effectiveness of this approach.

1. **“Cadaster first” approaches** require the legal registration of a property and owner in the national cadaster – or similar process - prior to taxation. However, “Cadaster-first” approaches have posed major barriers to property identification and in turn taxation, and to effective decentralisation:
 - a. Identification and registration is administratively complex, costly and slow
 - b. Property taxation can be politically contentious, especially in areas of customary authority
 - c. The cadaster-first approach disempowers local governments, and creates challenges where central-local collaboration is ineffective
 - d. This approach also creates disincentives to registration among owners if they understand that registration generated new tax liabilities

¹ More information about the Senegal/Dakar situation can be found here: <https://www.ictd.ac/blog/property-tax-valuation-reform-dakar/>

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2. **“Property tax first” approaches** offer a strategy to overcome the problem of incomplete national cadasters. They argue for using GIS technology to rapidly map and measure all built properties in a given area, and then to address bills to the “property owner” even where the property has not been formally registered and the owner is not legally established.
 - a. In “property tax first” systems, billing and penalties can then be targeted at the property itself. In turn over time, information from local GIS maps, coupled with data being collected about owners through tax compliance efforts, can be shared with national land agencies to support the strengthening of national cadasters and urban planning.
 - b. That said, “property tax first” approaches also entail trade-offs: they are most effective for levying property taxes on buildings and not on land, . Additionnally,they require (i) a clear strategy for sharing data with national land agencies to effectively build national cadasters over time. Lastly, strengthening property ownership information is similarly important for compliance activities and to enable linking of data to other national databases and systems.
 - c. Overall, the property-tax first approach could be strategically implemented in countries where the legislative framework permits taxing property owners, even without mandatory legal registration, or as part of a comprehensive legislative reform. Therefore, it becomes crucial to reference the legislative framework to grasp the specific conditions under which this method can be effectively executed.

Strategies and Experiences to Reform Identification and Registration Systems

Property identification and registration form critical pillars of property tax systems, and a context-based design of these systems fosters the success of comprehensive reform. Effective identification systems are crucial in locating all eligible properties and in generating sufficient revenue for governments to support essential public services and development initiatives. As presented in the previous section, two main approaches come into play: the cadaster first and property tax first approaches, each presenting distinct benefits and trade-offs. The cases of Freetown, Sierra Leone, Senegal, and Kampala, Uganda, shed light on the practical feasibility of these approaches and their outcomes.

1. **Sierra Leone:** In Freetown, the government supported the adoption of a “property tax first” approach. Using that approach the property tax register was expanded from 57,000 properties to over 100,000 properties in only a few months using GIS technology and satellite imagery to map and measure all properties, and enumerators to ground truth that information and collect additional property characteristics. Compliance increased under the new system, despite property owners not always being known and registered. The government is now exploring strategies to use property tax maps and processes to contribute to strengthening the national cadaster, and update ownership information over time.

1. **Senegal:** In Senegal, the law dictates that property should be registered in the national cadaster, and that data then used for property tax purposes. However, that data was very incomplete. The government has correspondingly embarked on a national project to map and register all properties in the national cadaster, using GIS technology. To do so, it has also built new institutions to facilitate cooperation between central government agencies and local governments in the reform process. The project is still at an early stage, having so far registered about 80,000 properties in Dakar, in over a year, compared to the number of properties registered in Freetown in a shorter period. The key question is whether registration can proceed quickly enough, and at a sustainable cost, to build comprehensive property tax registers across the country.



Urban landscape, Dakar, Senegal

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1. **Uganda:** In 2015 the Kamala Capital City Authority (KCCA) embarked on a project to map all properties in the city using GIS technology, register their owners and put in place physical street addressing. That project has allowed the number of registered properties to expand from 140,000 to 370,000, each of which has been assigned a number, also installing house numbers.² In pursuing that project, the government has worked on recording owners of each property, though to avoid delays and gaps, they have allowed the process to be led at the city level and have not required that properties be fully legally registered in the national cadaster.

Key Takeaways

1. Incomplete registers: Registers of properties for property tax purposes are generally highly incomplete in lower-income countries, undermining revenue collection, equity and public trust.
2. Identification challenges: Incomplete property registers reflect multiple challenges including manual systems, poor identification of new properties, political interference, reliance on legal registration of property ownership before properties can be taxed, and ineffective cooperation between central and local governments.
3. IT tools and simplification: Reflecting those challenges, research has increasingly argued for simplification and expanded use of technology, including considering “property tax first” approaches that allow properties to be included on property tax rolls even where formal ownership has not been registered on national cadasters.
4. Reform strategies: Country experiences are varied and reflect different strategies. Experience in Freetown, Sierra Leone highlights the potential of simplified “property tax first” approaches. Experience in Kampala, Uganda, points

to the potential for hybrid approaches, which provide more comprehensive information but at a higher cost and longer timeline. Meanwhile, Senegal is pursuing a “cadaster-first” reform, seeking to achieve the highest quality and most comprehensive data but with greater risks around cost, timeline and intergovernmental cooperation.



Slums in Caracas, Venezuela

¹ More information about Kampala/Uganda situation can be found here: <https://www.theigc.org/sites/default/files/2021/01/Ahabwe-et-al-2021-Policy-brief.pdf>