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## PROPERTY TAX REFORM AND URBAN HOUSING PRODUCTION AND CONSUMPTION IN NIGERIA

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**Abstract.** In the past decade, the Nigerian government has witnessed dwindling revenues owing to fluctuating oil prices. This has necessitated the search for alternative revenue sources. For the authorities in Jos, the administrative city of Plateau State in north-central Nigeria, taxes within housing production and consumption loop were thought to be the easiest catch. Accordingly, the authorities intensified the generation of land titling fee, capital gains tax, value added tax, land use charge, ground rent, development permits, probate fee, withholding tax among others. These efforts came with some implication for urban housing. The paper aims to provide an understanding of this and it employed a wide range of secondary data of quantitative and qualitative forms in pursuits of two objectives. The first objective examined how property taxes were administered and found that multiple agencies were involved in tax administration and, as a result, double taxation occurred in land titling, seeking of development permits and probate. Furthermore, sporadic land and property registration impeded the development of a cadastre, thereby allowing the government to arbitrarily and outrageously apply taxes, which tax payers tried to evade through informal house building and property transactions. The second objective analysed the impact of property taxation and found that taxes accounted for a high cost of new housing and residential rentals but also had the potentials of stimulating housing production and consumption. Recommendations that could help the government generate revenue from taxing properties while also incentivising housing production and consumption were offered.

**Keywords:** *property tax; urban housing; housing production; housing consumption.*

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### INTRODUCTION

Recent and prevailing economic circumstances in Nigeria, especially the collapse of oil price on the international market, have led to revenue losses for federal, state and local governments, thereby compelling all levels of governments to seek alternative means to revenue generation. One approach that state government authorities (Plateau State Government, 2018a & 2011a; Edo State Government, 2012; Kano State Government, 2017; Government of Kaduna State, 2017; and Ezomike and Isiadinsu, 2018) are exploring to generate revenues

internally is property tax. Property tax is used here in a broad sense to refer to government levies, fees and charges that are related to urban housing production and consumption mechanisms. Examples include taxes on housing wealth (land titling, capital gains, value added tax on property sales and resale, property transfers etc.), housing income (personal income tax on residential rent) and housing related services. We employ this working definition so as to give our readers a broader understanding of what constitutes property tax in the Nigerian context and elsewhere in Sub-Saharan Africa (Mutero, 2018, p. 7, 14–16).

Property tax encompasses a wide variety of fees and charges that are associated with use, ownership or transfer of property (Norregaard, 2013), and are arguably considered a viable source of domestic revenue in many countries of the world (Dye & England, 2010; Slack & Bird, 2014 and Franzsen & McCluskey, 2017). In Africa, almost all the countries with the exception of Burkina Faso and Seychelles have some forms of property taxes. Sadly, taxes are grossly underutilised and badly administered in many African countries (McCluskey, Franzsen & Bahl, 2017). In Nigeria, the absurdity around property taxation raises two notable concerns: Firstly, many cities in Nigeria have implemented or are currently implementing property taxation with urgency to address revenue shortages. While the urgency is justified by the need to raise revenue as quick as possible by government authorities (Olorok, 2018; Oga and Alema, 2015), it, however, does not allow for a sufficient analysis of the impact of imposing the taxes on the population. The reactions that have followed the introduction of land use charge and other forms of property taxes in Kano (BusinessDay, 2018) and Lagos (Ahiuma-Young, 2018; Ajaja, 2018) cities, as well as the resistance to, and rejection of such taxes in Jos (Olorok, 2018; Saiki, 2018) and Lagos (Oyeyipo, 2018) cities, all confirm the assertion.

The introduction of property tax in any society requires a careful analysis. Studies on property tax implementation (Goodfellow, 2017; Slack and Bird, 2014 & Di John, 2016), for instance, reveal that a good property system is a product of political decision, economic analysis and administrative reforms. Accordingly, political and economic (Slack and Bird, 2014), and administrative (Di John, 2016) processes are relevant to building a good property tax system. While the interplay of politics gives rise to decisions on property tax policy framing and how a tax system should run, economics analyses the trade-off between efficiency and equity of a property tax system (Slack and Bird, 2014). The focus of administrative process is to ensure that institutions and policy play a role in enhancing the efficiency and effectiveness of a property tax system (Di John, 2006). In practice, however, Slack and Bird (2014) note that an economic analysis plays a minor role in deciding a tax policy. This is because politicians are more concerned with equity and public acceptability than with equity and efficiency, which seems to be the case in Nigeria.

Secondly and as earlier noted, the forms of property taxes that have been introduced in most cities of Nigeria have direct or indirect impact on urban housing production and consumption. In Lagos, Kano, Kaduna, Jos and Benin cities, for example, levies are imposed on building permits, land acquisition, titling and documents, rents paid for residential accommodation and all forms of land use among others (PSG, 2018a & 2011a; Edo State Government, 2012; Kano State

Government, 2017; Government of Kaduna State, 2017; and Ezomike and Isiadinso, 2018). Taxing property in this manner is not characteristic of Nigeria; it obtains elsewhere in Africa (Mutero, 2018; Godfellow, 2017; Franzsen & McCluskey, 2017) and beyond (Gibb & Christie, 2015; Lincoln Institute of Land Policy, 2015). However, in those countries where property taxes are levied, measures are often taken to ensure that it does not become a disincentive to housing production and consumption (McCluskey, Franzsen & Bahl, 2017). This is not quite the case in Jos and, in part, the motivation for this study stems from this failing.

This study is equally motivated by the fact that the past decade has seen property tax reforms becoming a front burning policy agenda among state governments in Nigeria and only few studies have given attention to it. So far, research on property tax in Nigeria is either concerned with inter-country comparative snapshots on property taxation that do not give a detail context specific analysis (Mutero, 2018 and Franzsen & McCluskey, 2017), evaluating land use charge practice (Babawale & Nubi, 2011) or highlighting the importance of property tax to local government fiscal autonomy (Aluko, 2005). There is no study yet that has analysed the nature of property tax reform implementation in Nigeria with the view to assessing its impact on urban housing production and consumption at the city level. This study looks at the phenomena from this prism and fills the gap in literature. The analysis is focused on the city of Jos in North Central Nigeria; and by focusing on this city the study seeks to answer two questions: 1) What is the nature of property taxes that are levied by the state government authorities in Jos? 2) How do property taxes impact urban housing production and consumption in Jos?

## **1. STUDY AREA**

The data for this study comes from Plateau State in Nigeria. Plateau State is one of the 36 federating units in Nigeria and has 17 Local Government Areas (LGAs) (see Fig. 1). Plateau State is located in Nigeria's middle belt and has a land area of 26 899 km<sup>2</sup>. It is the twelfth largest state in Nigeria in terms of population. The population of the state was estimated at 3.5 million in 2019. Plateau State is bordered by Bauchi State to the northeast, Kaduna State to the northwest, Nasarawa State to the south west and Taraba State to the southeast. It has a temperature range of 18 °C and 22 °C and a vast arable land and favourable soil conditions for planting crops (PSG, 2019a). There are deposits of solid minerals such as tin and columbite. Tourism potentials of Plateau State include Shere Hills, Wase Rock, Kurra Falls, Jos Wildlife Park among others (PSG, 2019d). Jos is the administrative and commercial centre of Plateau State. Greater Jos metropolis, which is comprised of Jos North LGA, Jos South LGA, parts of Jos East, Bassa and Barkin Ladi LGAs, is the most urbanised region of Plateau State. This is the very location where the bulk of the property tax is derived from the state (see Fig. 1).

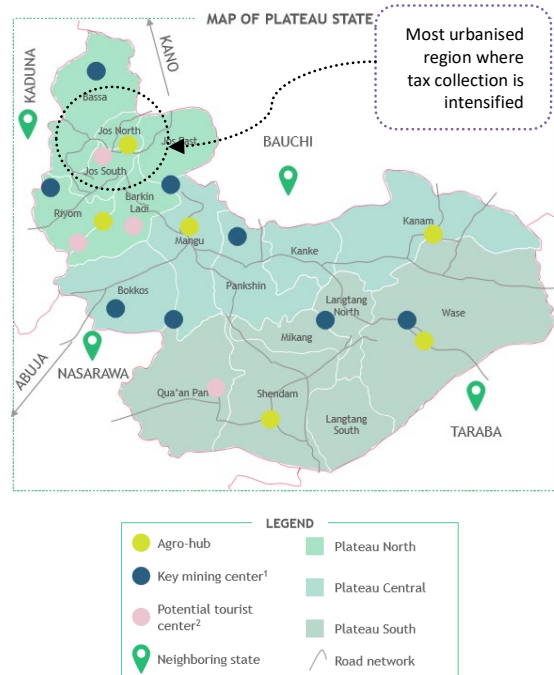


Fig. 1. Map of Plateau State (adapted from PSG, 2019d, p. 149).

## 2. METHODOLOGY

The research takes a pragmatic stance (following Creswell, 2014 and Saunders, Lewis & Thornhill, 2012). It believes that complex phenomena—such as the establishing of the impact of property tax reform on urban housing production and consumption—are practically impossible to achieve by using just a single approach or method. Therefore, a wide range of secondary source material (see Table 1) is employed for the study, and by this, it means that the research draws on data that are readily available. Secondary data are considered more reliable, suitable and adequate in view of the research questions that were put forward for investigation.

Further, the use of secondary data offered some advantages to the study, which were well supported in literature (Saunders, Lewis & Thornhill, 2012). Firstly, the data utilised were considered to be un-obstructive (i.e., they were viable alternatives with higher quality than could be collected by oneself). Secondly, secondary data made a retrospective analysis feasible considering that the property tax reforms in Jos began almost a decade ago. Thirdly, the data enabled us to create our own data from existing multiple-source data sets. Lastly, the use of the data led to unforeseen discoveries. The use of secondary data is not without its disadvantages; they include failure to match research needs, difficulty in accessing them, too expensive to collect, unsuitability in terms definition and aggregation, inability to control data quality and the initial purpose for which data was collected might affect how the data would be presented (Saunders, Lewis & Thornhill, 2012). These disadvantages

were considered in relation to the required data (see Table 1) and found not to be of negative effect.

Secondary data comes in both quantitative and qualitative forms and they are basically categorised into three: documentary secondary data (written or non-written materials); multiple-source secondary data (area based or time series based); and survey based secondary data (censuses, continuous and regular surveys or ad-hoc surveys) (Saunders, Lewis & Thornhill, 2012). Written documentary secondary data and multiple-source secondary data were employed in this study. These were of quantitative and qualitative forms as outlined in Table 1.

**Table 1.** Nature and Sources of Data and Analytical Approach

Data Sets	Data Source	Data type	Analysis
Approved annual budgets of Plateau State (2015–2020)	Plateau State Government Website	Quantitative	Content analysis
Records on land related taxes (2010–2020)	Plateau State Ministry of Lands, Survey & Town Planning (MLS&TP)	Quantitative	Content analysis
Records on levies, fees and charges for processing of building construction permits	Jos Metropolitan Development Board (JMDB)	Quantitative	Content analysis
Plateau tax schedules as enshrined in the Plateau State Revenue (Consolidated) Law, 2017	Plateau State Internal Revenue Services (PSIRS)	Quantitative	Content analysis
Speeches by top government officials and press releases by Plateau State Government	Newspapers and Plateau State Government Website	Qualitative	Content analysis
Commentaries on property taxation	Newspapers and online blogs	Qualitative	Content analysis
Local and international literature on property taxation	Textbooks, journals, reports, policy notes and working papers accessed from libraries and websites	Qualitative and Quantitative	Systematic literature review and comparative analysis

Source: Authors' compilation

### 3. THE IMPACT OF PROPERTY TAX ON HOUSING PRODUCTION AND CONSUMPTION IN JOS

#### 3.1. Property Taxes and their Administration in Jos

In Jos and in Plateau State, as a whole, taxes are imposed on housing wealth, housing income and housing related services (Table 2). Land Use Charge (LUC) is a typical example of tax that is imposed on housing wealth. This is a recent development which came into existence in 2017 following the passage of the Plateau State Revenue (Consolidated) Law of 2016 (PSG, 2017d). Though it is not

evidenced by records of its collections by any government agency in Jos, the law that introduced it requires that it should be charged on all real properties that have statutorily titles. The law provides that the collection of the LUC in a financial year should follow the issuance of demand notice – either by pasting on taxable properties or delivery by hand to property owners, their agents or occupants – by the revenue collecting agency (PSG, 2017d, p. 73). The law empowers the state government through the Ministry of Land Survey and Town Planning to set tax rates. However, both state government agencies (MLS&TP and PSIRS) and LGCs are authorised (see Table 2) to collect and account for the taxes (PSG, 2017d, p. 77). For transparency and accountability sake, the law provides that all collections of LUC be deposited into a designated commercial bank account from where the PSIRS will at the end of each month disburse 40 % to the state government treasury and 60 % to the LGCs.

The Plateau State Revenue (Consolidated) Law of 2016 (PSG, 2017d) exempts certain properties from LUC. These include: properties owned and occupied by religious bodies and used exclusively for public worship or religious education; cemeteries and burial grounds other than those owned by private persons for profit; recognised and registered institutions or educational institutions certified by the Commissioner responsible for matters of finance to be non-profit making; properties used as public libraries; any person specifically exempted by the Governor by notice published in the state government Gazette; and all places of graded traditional rulers in the State (PSG, 2017d, p. 72). However, there are two grounds on which property may loss exemption. One is when there is a change in use of a property that does not qualify for the exemption. The second is when the ownership of a property changes to one that does not qualify for the exemption (PSG, 2017d, p.73).

Capital gains tax (CGT) is a tax on housing wealth (Table 2). In Jos, CGT is collected by the PSIRS and successive records of actual collections abound (PSG, 2016, 2017, 2019b, 2019c). Still taxing housing wealth, the LGCs do charge fees on change of ownership of properties during sales and resales (see Table 2). This was not evidenced by any record of collection. Another type of property tax is the probate. This tax is usually imposed on the probate of every will and/or grant of every estate (Owens, 2017). The most practised aspect of probate tax in Nigeria is in regard to inheritance of property and the law allows government to charge 10 % on estate under claim (Orji, 2019). In Jos, there is a running record of probate transaction in the Ministry of Justice (MoJ), MLS&TP and the JMDB (see Table 2).

Over the years, issuance of Certificate of Occupancy and Right of Occupancy (C of O and R of O) comes with levies for both state government and LGCs. This is also a form of tax on housing wealth. However, while records of collections (PSG, 2016, 2017b, 2018b, 2019b, 2019c) of land titling (R of O and C of O) levies by the state government land registry exist, such records were inaccessible at the LGCs. The extant Land Use Act of Nigeria, Part II, Section 6 (1a&b) (Federal Republic of Nigeria – FRN, 1990) permits state government and LGCs to process and issue land title documents. To issue land title (C of O or R of O) to an applicant, for example, several fees are often levied for different purposes by state government

and LGC land registries. At both levels, fees are charged (see Table 2) for application form, processing of title, issuance of title, registration of title, building plan processing, premium fee on title, inspection and survey.

Site development plan, Title Deed Plan fee and infrastructure provision fee are charged at the state government level only. There is a lodgement fee that applies at the state government level if the survey of land was carried out by a private surveyor instead of surveyors employed in the land registry. Levies are charged by state government agencies (MLS&TP and JMDB) for EIA and layout approval while issuing land titles at the MLS&TP. The EIA is again charged by JMDB at the point of seeking approval for development (PSG, 2017b, 2018b, and 2020). All these are ways of taxing housing wealth.

**Table 2.** Property Taxes and their Administration

Tax Category	Tax Description	Administering Agency					
		Local Govt Council	State Govt (MLS&TP)	State Govt (JMDB)	State Govt (PSIRS)	State Govt (MoJ)	Federal Govt (FIRS)
Taxes on housing wealth	Land use charge	√				√	
	Capital Gains Tax	√				√	
	Change of Ownership	√					
	Probate		√	√			√
	C of O application form	√	√	√			
	C of O processing	√	√				
	Issuance of C of O	√	√				
	Registration of C of O	√	√				
	Building plan processing	√	√	√			
	C of O premium fee	√	√				
	Site Development Plan		√				
	Infrastructure provision		√				
	Title Deed Plan (TDP) fee		√				
	Environmental Impact Assessment (EIA)		√			√	
	Layout approval			√	√		
	Survey plan	√	√				

	Ground rent	√	√		
	Survey plan lodgement (private)		√		
	Inspection / Re-inspection	√	√		
Taxes on housing income	Withholding tax on residential rent			√	
	Land compensation		√		
	Taxes on Real Estate			√	√
	Investment Trust				
Taxes on housing-related services	Condonation			√	
	Contraventions			√	
	Ownership complains		√		
	Change of purpose		√	√	
	Permit for temporary structure			√	

Note: A tick (√) indicates the involvement of an agency in administering a specific tax

As seen in Table 2, there are three types of levies on housing income. Withholding tax (WHT) on rent is a typical example of tax on housing income. This is exclusively administered by state government agencies and records on this tax exist from 2010 to 2019 (PSG, 2016, 2017b, 2019b, 2019c). Land compensation tax is a tax on housing income as well. This is charged by both state government agencies and LGCs. This tax is usually derived from compensations that are due to land owners who agree to part with their lands for housing projects and other forms of development. Records on this tax are officially documented by the state government (PSG, 2015a, 2013, & 2011b). Though LGCs charges such a tax, records are inaccessible for scrutiny. Value added tax (VAT), CGT and WHT are applicable to Real Estate Investment Trust (REIT), and all these taxes are either collected by the Federal Inland Revenue Services (FIRS) or the Plateau State Internal Revenue Services (PSIRS).

There are a number of levies that are classified as taxes on housing related services (Table 2). For instance, where an applicant submits application to either the MLS&TP for C of O or to the JMDB for approval of development after development has commenced on site already, a condonation fee will apply at both points of application. The situation is the same where an applicant contravenes zoning regulations. Ownership complains are only dealt with at the MLS&TP and these are only treated after the payment of a fee by the applicant. When a property owner wishes to change the purpose for which development was approved, the application will go to both the MLS&TP and the JMDB to be treated after the payment of a fee. All permits for temporary structures are dealt with at the JMDB

at a fee (PSG, 2020, 2019b&c, 2015a, 2014, 2013 & 2011b). All these are ways of taxing property in Plateau State.

### 3.2. Assessing the Impact of Property Tax on Housing Production and Consumption

As shown in Table 3, property taxation impacts housing production directly and by extension its consumption. For the informal housing sector which is the predominant means to acquiring a house in Jos and Nigeria at large, the starting point for self-help prospective home owners is to acquire a land, mostly from the customary owners. Purchasing of land in this manner will involve some documentation at the land department of the LGC for change of onwership (see Table 3). This usually attract a fee of 2.5 % of the cost of the land. Aside the 2.5 % fee, there are some unreceipted payments to traditional rulers – community leader, village head, ward head and district head – by the land purchaser as a requirement for stamping the change of ownership document. All these transactions add to the cost of housing production and are only preparatory to a formal land title application.

Formal title application itself requires a considerable financial expenditure. This adds to the cost of producing a house. To obtain a C of O at the MLS & TP on a 450-meter square of land, for instance, it will cost ₦ 78 853.18, an equivalent of USD 218.4 (May 2020 Central Bank of Nigeria exchange rate), payable once for 99 years C of O tenor. This payment will cover a number of fees which were outlined in previous discussions (PSG, 2020, p. 1). Majority of prospective home owners would rather evade the fees and charges by building their houses on lands that are not secured by statutory title. This is naturally impeding the growth of formal housing system that should offer the benefit of acquiring a house through mortgage.

**Table 3.** Property Tax Burden and Impact on Housing Production and Consumption

Tax Category	Tax Description	Burden		Impact	
		Individuals /Households	Corporate bodies	Housing Production	Housing Consumption
Taxes on housing wealth	Land use charge	√	√		√
	Capital Gains Tax	√	√	√	
	Change of Ownership	√	√	√	
	Probate	√		√	
	C of O application form	√	√	√	
	C of O processing	√	√	√	
	Issuance of C of O	√	√	√	
	Registration of C of O	√	√	√	

	Building plan processing	√	√	√	
	C of O premium fee	√	√	√	
	Site Development Plan	√	√	√	
	Infrastructure provision	√	√	√	
	Title Deed Plan (TDP) fee	√	√	√	
	Environmental Impact Assessment (EIA)	√	√	√	
	Layout approval	√	√	√	
	Survey plan	√	√	√	
	Ground rent	√	√		√
	Survey plan lodgement (private)		√	√	
	Inspection / Re-inspection	√	√	√	
Taxes on housing income	Taxes on Real Estate Investment Trust	√	√		√
	Land compensation	√	√		√
	Taxes on mortgage-backed securities	√	√	√	
Taxes on housing-related services	Condonation	√	√	√	
	Contraventions	√	√	√	
	Ownership complains	√	√	√	
	Change of purpose	√	√	√	
	Permit for temporary structure	√	√	√	

Note: A tick (√) indicates the bearer of a tax burden and the impact of taxation on urban housing production and consumption

The records (PSG, 2010, 2011b, 2013, 2015a, 2017a&b, 2018b, 2019b&c, 2020) examined clearly confirm that some fees and charges that are levied during land title application are also re-levied on persons that do go to seek for building permit. Examples of items that carry multiple fees and charges are building plan approval and infrastructure development (see Tables 2 and 3). People who are able to navigate the process of seeking for development permit are made to pay multiple fees in addition to other fees such as environmental impact assessment (EIA), which occurs only once at the point of seeking for building permit. This practice of multiple collections of fees by state government agencies does add a substantial cost element in the production of new housing in Jos.

The schedule of fees obtained from the JMDB, for example, shows that an applicant will need to pay fees and charges of up to ₦ 55 000 (USD 152.35) in order to obtain development permit on a 3-bedroom bungalow that has one sitting, a dining space, a kitchen, a store and a study. This is discouraging people especially those that undertake self-help housing from going to seek development permits and so a lot of development is occurring without recourse to local regulations in Plateau State. At times government officers from the JMDB will go after those people who build houses without seeking for permit and enforce a contravention fee on them. Those who are able to retrospectively follow through to obtain approval will pay an additional fee for condonation (see Table 2 and 3).

Alternatively, prospective home owners could purchase a land with title documents via a formal transaction. This is usually mediated by private investors who have partnered government to acquire land, produce residential layouts before selling to house builders. In this scenario, the investors will initially bear the burden of the levies and charges that are associated with land titling, which will subsequently be transferred to purchasers of the land. The cost data for land in Jos are presented in Table 4. These are land parcels that have had their title documents processed and were being sold in a partnership between the MLS&TP and a private investor. The residential plots were available in low to medium density layouts in Jos at the following cost: 900 meter square in medium density layout cost ₦ 2 million (USD 5540.1); 450-meter square in medium density layout cost ₦ 0.520 million (USD 1440.4); 900-meter square in low density layout cost ₦ 4.5 million (USD 12 465.3); and 675-meter square in low density layout cost ₦ 3.375 million (USD 9349.0). These are quite expensive residential plots for a majority of people who are currently surviving on ₦ 30 000 (USD 83.10) minimum official monthly wage (FRN, 2019) or living on an annual per-capita expenditure of ₦ 137 430 (USD 380.69) according to the National Bureau of Statistics (NBS) (FRN, 2020).

**Table 4.** Cost of Residential Plots of Land in Jos Metropolis

Size of Land in m <sup>2</sup>	Layout Density	Cost in Million Naira, ₦	Cost Equivalent, USD
900	Medium	2.00	5540.1
450	Medium	0.52	1440.4
900	Low	4.50	12 465.3
675	Low	3.37	9349.0

Source (Plateau State Ministry of Lands, Survey & Town Planning, 2019)

Even houses produced for sale through formal arrangement are always too expensive and unaffordable to low-income groups. This is partly due to the additional cost that estate developers incur on land titling and seeking for development permits. To recover cost, developers will always add any expenses incurred on property taxes to the selling price of new houses, which automatically pushes cost beyond affordability levels. A survey conducted (see Table 5) during this study reveals the following prices for new houses built for sale on mortgage: 3-bed room detached bungalow cost ₦ 7.7 million (USD 21 329.63); 2-bed room

detached bungalow cost ₦ 6.2 million (USD 17 174.5); 2-bed room semi-detached apartment cost ₦ 5 million (USD 13 850.4); and 1-bedroom terrace house cost ₦ 4.080 million (USD 11 301.9). Houses of these kind were intended for sale on a mortgage basis but investors confirmed that the target groups were not able to make a down payment of between 25–30 % in order to take the mortgages. For this reason the houses were sold on outright purchase to interested people.

**Table 5.** Cost of Newly Constructed Houses in Jos Metropolis

House Type	Cost in Million Naira, ₦	Cost Equivalent, USD
3-bedroom detached bungalow	7.70	21 329.63
2-bedroom detached bungalow	6.20	17 174.50
2-bedroom semi-detached apartment	5.00	13 850.00
1-bedroom terrace house	4.08	11 301.90

Source: Field Survey in Jos Metropolis in 2019

There are interesting tax features with investment securities that could boost housing production and consumption. Investment securities are generally managed by special purpose vehicles (SPVs) and all companies involved are liable to 30 % company income tax (CIT). However, investment bonds, mortgaged-backed securities and asset-backed securities (which REIT is derived) offer some incentives for investment in housing. Since 2011, the Federal Government of Nigeria through the Debt Management Office (DMO) approved tax waiver on bonds, mortgage-backed securities, and asset-backed securities. Following this approval, the dividends of publicly traded REIT securities are exempt from WHT in the hands of the investors. In addition, VAT and CGT that should apply on sales of REIT bonds and securities also do not apply (Deloitte, 2014). This has the potential of creating long-term liquidity for investment in mortgage housing. At the time of this study, there was no record to suggest that investors were exploring these opportunities in Jos.

Other taxes have their features and implications. The newly introduced land use charge, for example, is still very vague and unclear to people in Jos. Government has not come out to clearly specify whether the responsibility of paying the tax will be on property owners or occupants of properties. If property owners are made to pay for the land use charge, they will definitely recover it by building it into the rent. This will push rents upward thereby making it difficult for low-income earners to find houses that are affordable to rent. If government levies the land use charge on tenants, this will become an additional burden especially to low-income groups. Therefore, the introduction of rent control is necessary in Jos to ensure that land use charge is fair and equitable. Regarding a probate tax, it is evident that those who inherit houses from deceased relations often pay multiple fees on probate. In Jos, fees related to probate were found to exist on revenues collected by the MLS & TP, JMDB and MoJ (PSG, 2020, 2019b&c, 2018b, 2017a&b, 2015a, 2013 & 2011b). This is practice of multiple taxation and it is necessary for government to harmonise fees so as to eliminate the burden that is currently associated with the probate practice in Nigeria.

Withholding tax has a wide coverage in Nigeria. Income that is subject to withholding tax includes income from rent, hire and lease payments on both real and personal properties; royalty rights; interest, dividends; consultancy, technical and professional services; management services; and commissions. All these are subject to WHT at the rate of 10 % (FRN, 2006). Capital Gains Tax (CGT) is governed by the Capital Gains Tax Act, Cap C1 Laws of Federation of Nigeria 2004 (as amended) (FRN, 2004). The CGT is charged at a flat rate of 10 % of chargeable gains on assets, including all forms of property whether or not situated in Nigeria. Interestingly, both WHT and CGT do not allow for any form of exemptions for enterprises that are concerned with the production of low-income housing in Nigeria, which partly explains why the cost of houses is high as noted in the preceding discussion.

#### **4. SYNTHESIS AND CONCLUDING REMARK**

From the preceding discussion the study established that the absence of an up-to-date cadastre – which is a comprehensive register of the land and land properties, their extent of ownership and value – is responsible for the outrageous property taxes that government applies in Jos. Charging outrageous taxes especially for land documents has become an impediment to the production of affordable housing in Jos. Cadastre is the basis upon which a tax is applied to property. The experience of Poland (Dawidowicz & Żróbek, 2017) and Turkey (Demir, Uzun & Coruhlu, 2015) confirm that with an updated cadaster, taxes can easily be charged while also making land for housing cheaper. It is therefore recommended that the authorities in Jos and Nigeria should learn from best practices within and outside of Nigeria. In specific terms, the land registry in Jos should move away from the current practice of sporadic land registration and property registration to a systematic arrangement that will allow for the development of a comprehensive database of land and properties. Thus, government can still achieve its revenue generation intentions by applying lower fees and charges in titling of land, registering of properties, granting of development permits, ground rents among others.

The study confirms a practice of multiple taxation in respect to land titling, securing of development permits and probate. This was found partly to account for high cost of new houses provided through formal arrangement in Jos. To reverse this practice, it is necessary to streamline the tax arrangement. Furthermore, tax waivers and relief could be allowed for developers that produce low income mortgage housing as well as those that produce housing for rent. Examples abound elsewhere in Angola, Benin, Equatorial Guinea, Madagascar, Morocco and Gabon, where newly developed or renovated residential properties are allowed for tax exemption and the length of the exemption varies from country to country (McCluskey, Franzsen & Bahl, 2017). Measures of this nature can help the authorities in Jos utilise tax as an incentivising instrument for the production of affordable housing and its consumption.

Moreover, companies involved in housing building can be made to pay lower CIT if they provide houses for low-income groups with a price cap. A waiver on CGT can bring down cost of housing for low-income groups. Lowering of WHT for hiring and leasing of equipment that is utilised in the construction of low-income housing can enable companies involved to achieve lower cost of production of low-income housing in Jos. A lower WHT tax on residential rents is recommended but with a condition that home owners bring down rents. This requires supportive rent control legislation at the local level. Property tax such as the land use charge that has recently been introduced in Jos requires a careful economic analysis so as to make the tax fair and equitable. Furthermore, there must be a cadastre to ensure that all properties in Jos are brought to the tax net. It is recommended that the authorities in Jos should invest in the development of cadastre.

Finally, the lack of a careful analysis on the efficiency and equity of tax system (Muteru, 2018; Di John, 2006) is the reason why property taxes in developing countries generate conflicting and unintended outcomes (Muteru, 2018). This is quite the case in Jos and it is necessary that property tax authorities conduct series of analyses—economic efficiency, administrative efficiency, equity, fairness, transparency and certainty, and revenue buoyancy—prior to introducing any property tax. These analyses could also be used in evaluating existing tax systems.

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