

**Anglophone West Africa  
Appendix 4: Nigeria**

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Working Paper**

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## Country: Nigeria

<b>Basic Country Information</b>			
Geographic size	923,768km <sup>2</sup>	Independence	1 October 1960
Capital city	Abuja (since 1991)	Population	138 million
Secondary cities/towns	Kano, Ibadan, Kaduna, Port Harcourt and Benin City	Urbanisation	45%
System of government	Federal Republic with a presidential system	GDP (per capita)	US\$1,200
<b>Government Structures</b>			
Levels/Tiers of government	Three-tier system of government with a federal government, 36 states and 774 local councils.		
Traditional authorities or chiefdoms	Strong traditional authorities (chieftaincy)		
<b>Land Issues and the Property Market</b>			
Land tenure	Under the Nigeria Land Use decree of 1978 all land in the country was nationalised. Nevertheless, individuals and communities still claim ownership over land and so lease, rent or sell land, while government issues certificates of occupancy to users, mostly in urban centres.		
Land titling/registration	The land tenure is described as bureaucratic and is governed by the Land Use Act 1978		
Land rent	In Lagos, a number of land-based rates and charges, including development charge, ground rent and a premium are payable under the Land Rates Law.		
Property Market	In Nigeria foreign land ownership is now possible (i.e. partnerships with locals are no longer required). However two parallel land markets exist with government and private corporate landowners.		
<b>Taxes</b>			
National	Taxes are governed by the following Acts: i) Personal Income Tax Act of 1993; ii) Company Income Tax Act of 1990; iii) Petroleum Profits Tax Act of 1990; iv) The Petroleum Act of 1990; v) Value-Added Tax Act of 1993; vi) Education Tax Act of 1993; vii) Capital Gains Act of 1990; viii) Customs and Excise Management Act of 1990.		
Sub-national	Property tax, rent, motor parks, advertisements, fines and fees, development levies, rates, emblems, radio/TV licenses, business registration		
<b>Property-related Taxes: National</b>			
Property Transfer Tax	The governor's consent is required for transfer of any interest in land situated in urban areas (see s 22 of Land Use Act 1990). Consent fees vary and may be as high as 30% of the market value of the interest being conveyed.  Implementation guided by the Stamp duty Act chapter 411. LFN 1990. A fee of 3% of property value is levied as a stamp duty.		
Capital Transfer Tax	In Nigeria, it was referred to as Capital Transfer Tax. Until 1996 when it was abolished, the capital transfer tax was largely ignored as it sat uneventfully on the statute books (Ade		

	Ipaye 2007)
Value Added Tax	Value-added tax (VAT) was adopted in January 1993 through the VAT Act No. 102 of 1993 but was implemented in January 1994. VAT is charged at 5% – regardless of the stage of production or distribution.
Capital Gains Tax	Although a 20% rate for capital gains tax (CGT) was introduced at its inception in 1967 (Decree No. 44 of 1967), it is currently only 10%.
<b>Property-related Taxes: Sub-national</b>	

<b>Annual Property Tax (Lagos State)</b>		
<b>Relevant Legislation:</b> 1999 Constitution of the Republic of Nigeria; Tenement Rate Law Cap 186 Laws of LAGOS STATE 1994; The Land Use Charge Law, No. 11 of 2001		
	<b>Legislation</b>	<b>Practice</b>
<b>Tax Base &amp; Taxpayer</b>		
Tax base	Land with building on it which held or occupied as a district or separate holding or tenancy or any wharf or pier, but does not include land without building.	
Coverage of tax base	All taxable properties within state territory	
Taxpayer	The Land Use Charge (“LUC”) is a charge imposed on the owner of the property. However, where the owner is not in possession of the property, the LUCL authorises the collecting authority to appoint the occupier, who is usually the tenant, to be assessed with and pay for the tax; the tenant is in turn authorised by the LUCL to offset such a payment, made under this Law, from monies that may be due from the tenant to the owner of the property. There is thus an indemnity in favour of the tenant/occupier against the owner.	The withholding responsibility given to tenants is not very welcomed by many property owners and considering the high demand for housing in Lagos over supply, tenants are placed in a difficult position. In most cases, therefore the property owner pays.
<b>Valuation &amp; Assessment</b>		
Valuation	Capita value	
Responsibility for valuations	The local council valuation officers	
Valuation cycle	5 years	In 2008 the State Government started a property identification programme aimed at revaluation of property. This exercise is not very welcomed by landlords as they consider this exercise as strategy by State government to further increase the tax burden of Lagos residents at a time when many Lagos families are struggling to make ends meet given the high cost of everything.
Objection & appeal	An Chargee has the right to file an appeal	The requirement of depositing 50%

	against the assessment to the Assessment Appeal Tribunal on the precondition that the Chargee pays 50% of the amount assessed and the fees that would prescribed by the Appeal Tribunal for the filing of the appeal.	before an appeal continues to be subject of much controversy; and is considered as a violation of section 36 of the 1999 constitution which guarantees all citizens right to fair hearing.
Quality control measures	The Valuation Board of Nigeria	
<b>Rate Setting and Tax Relief</b>		
Tax rates	Rates are set the State Government. It ranges from 0.15% to 1.25% of the assessed value of the properties covering owner-occupiers to commercial properties used for business purposes.	The consolidation of all property related rates such as tenement, ground rent into single property rate has raised so much controversy in the Lagos State.
Exemptions	The LUCL does not apply to government owed properties, and other properties used for public, religious and charitable activities	Exemption will only be granted where an application for exemption is made to the Commissioner for Finance, Lagos State.
Tax relief measures	Partial relief granted to buildings of poor construction, very low value or of transient or temporary nature.	
<b>Tax Administration</b>		
Billing	Demand notices sent to premises and copies is affixed in a public or conspicuous place within the area of jurisdiction of the rating authority or publishing in one or more daily newspapers.	Delivering of rates remains a problem because of poor numbering of houses. Demand notices are therefore mostly posted on walls and other conspicuous areas.
Collection	The Local Government Authority in the jurisdiction/locality where the property is located is the authorised collecting authority. To enhance compliance with the constitutional requirements on the division of powers between the State and the Local Governments, the Land Use Charge Law is predicated on the principle of mutual delegation of authority between the Lagos State Government and each of the Local Governments in the state.	Whether a Local Government authority can delegate its constitutional power to State Government is a matter of various litigations in Lagos State presently
Enforcement	Defaulters are penalised as follows: <ul style="list-style-type: none"> <li>• Payment increases of up to 25%, 50% and 100% respectively where the Chargee delays payment for up to 75, 105 and 135 days from the date of it/his receipt of the assessment.</li> <li>• Liability to incurring the appointment of a receiver over the property until all outstanding taxes, penalties and administrative charges are paid where payment is not received after</li> </ul>	

	<p>135 days after service of the assessment.</p> <ul style="list-style-type: none"> <li>• Application to a superior Court by the Commissioner for Finance to recover the sum assessed and payable under the Law. Pending the determination of the suit, the Court can attach the earnings accruing from the property.</li> <li>• Penalties of up to =N=100,000 (One Hundred Thousand Naira) or three months imprisonment for non-compliance with the LUCL, obstruction of authorised officials, damages to property identification plaques or incitement to other persons to refuse to pay the tax.</li> </ul>	
<b>Additional Comments</b>		
Importance of property tax		Available statistics show that Agege Council generates receives only 2.4% of its total resources from tenements but this source accounts for about 40% of its own revenue
Role of the property tax	Property tax as the major and stable source of Local Government internally generated revenue is meant for the provision of municipal services	Dilapidated municipal services due to inadequacy of revenue and the corrupt or perceived corrupt practices of the authorities.
Tax effort		Local authorities are collecting less than 25% of possible Tenement rate revenue (World bank 1997)
Other issues		No data

<b>Annual Property Tax (Ogun State)</b>		
<b>Relevant Legislation:</b> 1999 Constitution of Nigeria; the Ogun State Tenement Rate Edict of 1995;		
	<b>Legislation</b>	<b>Practice</b>
<b>Tax Base &amp; Taxpayer</b>		
Tax base	Improvement	
Coverage of tax base	All improvements within the State	Effective in major urban areas such as Abiokuta, Ijebu-ode etc
Taxpayer	Owner and Occupier	
<b>Valuation &amp; Assessment</b>		

Valuation	Net annual value	Where the tenement cannot be value by reference to a direct rent due to its nature the appraiser is allowed to use the Depreciated Replacement cost
Responsibility for valuations	The Commissioner may by notice in the State Gazzatte, appoint for any area to which this Edict applies, any suitable person or firm to act as valuation officer for the purposes of this Edict	
Valuation cycle	5 years	Councils in the state have not re-valued their properties for over 10 years due to capacity problem and the cost involved.
Objection & appeal	Aggrieved persons may appeal against such rate in accordance with this Edict; and notice of such appeal shall be given to the rating authority as well as any other person other than the person making the appeal, any such person shall if he so desires to be heard on appeal shall pay an appeal fee	
Quality control measures	Valuation Board of Nigeria	Not effective
<b><i>Rate Setting and Tax Relief</i></b>		
Tax rates	Councils in the State empowered to charge and collects property and tenement rates in their respective Local Government Areas	State Governments role in property taxation administration, is the structuring and designing of the system.
Exemptions	Tenements on which no building whether permanent or temporary nature is erected.  Premises exempted by the commissioner Local Government by an order published In the State Gazzatte.  Places of Worship; Public Schools; Cemeteries; Public Hospitals ; all lands and buildings used exclusively for the Purpose of public workshop; all palaces recognized obas and chief.	
Tax relief measures	Partial relief given to buildings of low value	
<b><i>Tax Administration</i></b>		
Billing	Demand notices are delivered to premises by the council members	Bills often not delivered due to poor street numbering
Collection	Local authorities are involved in collection	
Enforcement	Property is considered as security for the rate due, which is regarded as debt. Defaulters may be taken to VALUATION COURT and property may be confiscated.	Enforcement remains a problem in councils in this State
<b><i>Additional Comments</i></b>		
Importance of property tax		No data

Role of the property tax	Property tax is meant for the provision of municipal services.	Dilapidated municipal services due to inadequacy of revenue and the corrupt or perceived corrupt practices of the authorities.
Tax effort		No data
Other issues		None

<i>Annual Property Tax (Oyo State)</i>		
<b>Relevant Legislation: 1999 Constitution of the Republic of Nigeria; Tenement Rate Law 2000 OF OYO State</b>		
	<i>Legislation</i>	<i>Practice</i>
<b><i>Tax Base &amp; Taxpayer</i></b>		
Tax base	Improvement	
Coverage of tax base	All improvements within the State	Effective in major urban areas such as Ibadan etc
Taxpayer	Owner and Occupier	
<b><i>Valuation &amp; Assessment</i></b>		
Valuation	Net annual value	Where the tenement cannot be value by reference to a direct rent due to its nature the appraiser is allowed to use the Depreciated Replacement cost
Responsibility for valuations	Valuation is the responsibility of the respective councils in the state	
Valuation cycle	5 years; however, new properties must be valued as they come up.	Valuation cycle not adhered to due to capacity and resource constraints, therefore values of properties are outdated.
Objection & appeal	Aggrieved persons may appeal against such rate in accordance with this Edict; and notice of such appeal shall be given to the rating authority as well as any other person other than the person making the appeal, any such person shall if he so desires to be heard on appeal shall pay an appeal fee . however, any rate levied by the rating authority shall be recovered notwithstanding the fact that there has been a notice of appeal given by any person to the rating authority	
Quality control measures	Valuation Board of Nigeria	
<b><i>Rate Setting and Tax Relief</i></b>		
Tax rates	Councils in the State empowered to charge and collects property and tenement rates in their respective Local Government Areas	Guidelines provided by the state;
Exemptions	Government owed properties, and other properties used for public, religious and charitable activities	
Tax relief measures	Partial relief given to low valued	

	properties	
<b><i>Tax Administration</i></b>		
Billing	Demand notices delivered by council and also displayed in strategic areas within the rating area	Some bills delivered very late and in some instances not delivered
Collection	Rating authorities engaged in collection	
Enforcement	<p>TENEMENT RATE LAW 2000 OF OYO STATE provides that the rating authority may take the defaulters to a VALUATION COURT. This court has same jurisdiction with Magistrate courts and the court shall:-</p> <p>Order the rate defaulter to pay the rate within 21 days from the day of judgement is given.</p> <p>Order the relevant Local Government to restrain any property belonging to the rate payer in satisfaction of the claims, if the rate payer still refuses to comply with the judgement of the court.</p> <p>Order the appropriate Local Government to take civil action to recover rate due as a debt together with any sub-charge due and costs.</p> <p>Any person who fails to pay rate on tenement, shall be guilty of an offence and liable to a fine not exceeding the sum of N500.00 or in default of payment, to a term of imprisonment not exceeding one year.</p>	Enforcement remains a challenge
<b><i>Additional Comments</i></b>		
Importance of property tax		No data
Role of the property tax	Property tax is meant for the provision of municipal services.	Dilapidated municipal services due to inadequacy of revenue and the corrupt or perceived corrupt practices of the authorities.
Tax effort		No data
Other issues		None