

**Francophone Southern Africa Appendix 2:
Madagascar**

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Madagascar



Basic Country Information			
Geographic size	587,041 km ²	Independence	1960 (from France)
Capital city	Antananarivo	Population	18.6 million
Secondary cities/towns	Toamasina, Mahajanga, Antsirabe, Fianarantsoa	Urbanisation	27 %
System of government	Multi-party democracy. Presidential elections were held in December 2006. Opposition political parties were legalized in 1990.	GDP (per capita)	US\$ 269 - 290
Sub-national Government			
Expenditure responsibilities (article 125 of the Constitution)	Decentralized territorial entities are endowed with legal identity and financial autonomy (in harmony with national planning);		
Sources of revenues (article 134 of the Constitution)	<ul style="list-style-type: none"> • The proceeds of taxes voted by the Assemblies of the territorial entities and levied for their budgets; • their share in the proceeds of taxes levied for the State budget; • the proceeds of endowments granted by the State to the territorial entities; • the proceeds of loans contracted by the territorial entities in the national or foreign market, with the agreement of national monetary authorities, with or without guaranty by the State; • the proceeds of foreign aid obtained through the national monetary authorities and the ministerial department responsible for foreign relations; • the proceeds of gifts; and • Revenue from territorial land. 		
Importance of property tax	Relatively unimportant		
Land Issues and the Property Market			
Land tenure	All land belongs to the State (i.e. government)		
Land titling	Insecure titling led the government to decentralise the titling of lands through “land counter” (law 2006-031)		
Land rent	No data		
Property Market	The owner has “right of possession” (lease, exchange, sale, donation, succession)		
Taxes			
National	State taxes: Income taxes, registration and stamp duties, transfer duty, indirect taxes, royalty fees, turnover tax.		
Sub-national	Local taxes: Property tax (land and buildings), professional tax, additional tax on registration duty, tax on liquor licence, gambling taxes		

Property-related Taxes: National	
Property Transfer Tax	1- 2% property values (private properties) applied by land services in their court operations but not clear indication of the by law instituting it.
Capital Transfer Tax	4 - 6% or AR 10,000 depending on the case (exchange, donation etc...): law 2007-033
Capital Gains Tax	15 % for non-profit organizations and 20 or 25 % for companies (article 01.04.07 of the tax code 2007). 25 % of the capital gain according to law 2007-033 of 14 th of December 2007 (tax code 2008)
Property-related Taxes: Sub-national	
Property Tax	

Property Tax (Local)		
Relevant Legislation: law 2007-033 of 14 December 2007		
	Legislation	Practice
Tax Base & Taxpayer		
Tax base	Rental value of the building; Value of the Land (classified in 6 categories); 30% of the value if building is owner-occupied	
Coverage of tax base	National coverage	
Taxpayer	Owner or tenant for life (effective occupier or person with the usufructuary rights)	
Valuation & Assessment		
Valuation	<ul style="list-style-type: none"> Self-evaluation for lands; Tax administration personnel for buildings (ad hoc commission) or owners in administrative centres. 	
Responsibility	Tax administration personnel	
Valuation cycle	Annual	
Objection & appeal	Within a month from the date of the tax administration's notification by indicating the right amount and ensuring its collection (administrative court)	
Quality control measures	According to the procedure an ad hoc commission, in case of property tax on buildings, presents within 15 days from the reception of the tax declaration its observations to the revenue service.	No indication on their quality.
Tax rates	1% for land of the 6 th category; 5 and 10% (Proportional rate) but must not be less than AR 2,000 per building	
Exemptions	Permanently exempted (excluded)are: <ul style="list-style-type: none"> Lands and buildings belonging to the State (local authority); Lands and buildings allocated to public utility services (and not generating revenue) and those allocated freely and exclusively to medical, social, educational or churches activities; Land of less than 100 square meters leading to 	

	and reaching courtyards, ways and garden	
Tax relief measures	In case of severe damage to property, e.g. resulting from fire, cyclone, floods, mudslide (requested by the taxpayer or the mayor in some cases). There are special dispositions (exemptions) for newly-built or exploited land (coffee tree, etc...): article 10.02.04 and 10.03.04 of the tax code.	
<i>Tax Administration</i>		
Billing and collection	At the behest of the taxpayer to the revenue services (by instalments if before legal date)	
Enforcement	By the treasury's services (mayor's order) using different penalties referred to in the legislation	
<i>Additional Comments</i>	In places other than administrative centre a simple verbal declaration of the owner will be considered for valuation.	