

LAND VALUATION IN JAMAICA

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IT WAS IN 1956 that Jamaica first adopted a site value system as the basis for its property tax. According to the Handbook of Jamaica of 1954 there were a total of 324,911 parcels to be valued. A central valuation department was set up and by 1962 seven parishes had been revalued on a site-value basis.

The valuation was of the unimproved capital value, defined in the Land Valuation Law of 1956 as follows:

"In relation to unimproved land the capital sum which the fee simple of the land might be expected to realise if offered for sale on such reasonable terms and conditions as a bona fide seller would require, or, in relation to improved land the capital sum which the fee simple of the land might be expected to realise if offered for sale on such reasonable terms and conditions as a bona fide seller would require, assuming that at the time as at which the value is required to be ascertained for the purposes of this law improvements as defined in this law do not exist."

Improvements to land are defined as:

"Those physical additions and alterations thereto and all works for the benefit of the land made or done by the owner or any of his predecessors in title which, as at the date on which the improved or unimproved value is required to be ascertained has the effect of increasing its value."

Clearance of the site is not treated as an improvement.

It will be noted how simple and straightforward these definitions are. However, a departure was introduced in 1960 whereby a taxpayer may plead hardship if the valuation is partly dependent on a use to which the land is not being put: for example, an owner of agricultural land which may eventually be used for building development and therefore contains an element of development value in its assessment may seek to deduct that element from his valuation for tax purposes. The reasoning behind this is presumably that until development can actually take place there can be no change of use. However, the

owner can, after all, sell the holding at its higher valuation and that is the measure of its true worth to him. To reduce the incidence of tax because the land is not being put to a more effective use is a breach in the principle of site-value taxation and deprives it of one of its most beneficial effects, i.e., the encouragement of highest permissible use. Even if only genuine cases of hardship qualify, it would still be better to repeal this particular provision and deal with cases of hardship separately.

After ten years of political apathy, the Land Valuation Division was at last given the go-ahead to make a revaluation of the whole island, bringing in the areas that were never valued on the site value basis and revaluing the seven parishes that had been valued in 1962. The aim is to establish a uniform system throughout Jamaica which would even out growing local distortions and encourage land owners to develop their premises. The work is being pursued with great energy. Every piece of land is visited by field workers who compile a list of land owners and a description of all the sites. Subsequently the information is verified and land owners can correct any mistakes. Professional valuers then assess the land's value. The entire operation should be complete by the spring of 1974, when land owners will be advised of their valuations and of the amount of tax payable.

After that, attention will probably focus on the procedure for objections and appeals, and it is encouraging to hear that in dealing with objections the Commissioner of Valuations will be prepared to show a tax-payer examples of land sales in the area that have been used to help to determine his assessment. This openness is an important aspect of a land valuation, and no doubt there will be room for discussion between owners and valuers on the fairness of the assessments.

The new property tax arrangements have been the subject of some controversy, and submissions have been made by the Associated Chambers of Commerce of Jamaica and the Jamaica Livestock Association. The latter was particularly concerned with continuing the derating of agricultural land, a policy which has been accepted by the Minister of Finance. This is a mistake, for if owners of agricultural land are to enjoy exemption other tax payers will have to pay more. It should also be remembered that not all farmers are owners of agricultural land and not all owners of agricultural land are farmers. This exemption will not cheapen food for the beneficiaries will be landowners, not farmers as such.

However, the speed and determination with which the land valuation is being carried out is a welcome sign that the principle of land-value taxation is to be applied vigorously in Jamaica.