



PROPERTY RATES

(ASSESSMENT & PAYMENT) **FEBRUARY 2017**

Governing law:

Local Government (Rating) Act 2005 as amended, the Local Government (Rating) regulation 2006 and KCC Act 2010.

Under the Local Government (Rating) Act, 2005, Property rate is levied on property or hereditament, that is, "any physical attachment to land or building (industrial or non-industrial) or structure of any kind excluding vacant sites. It is a tax on all immovable property or buildings, commercially managed like schools, rented houses, rented shops, factories, Hotels, Private and Public Universities and any part of which is used for the purpose of business even if it is owner occupied.

Property rates should be distinguished from ground rent. Unlike Property rates, Ground rent is a charge on land leased out by the Authority whether developed or not.

Brief Definitions:

Gross Rate: Means the rent at which the property might reasonably be expected to let annually, if the tenant undertook to pay conservancy fees, water rates and all other overhead costs. (The total income that is expected from a ratable property annually)

Ratable Value: means the net annual rental value of a property ascertained in accordance with the Local Government Rating Act less a conservancy allowance. Currently, this allowance stands at 22%.

Rate per Annum: means amount levied annually on a property, usually between 0 and 12% of the ratable value with a minimum charge of 2,000/=. For KCCA it is 6%.

Property: means immovable property including buildings or structures of any kind excluding vacant sites.

Why pay for property rates?

All residents of Kampala require and benefit from certain services from KCCA such as road construction and maintenance, street lighting, anti-malarial drugs, garbage collection, environmental conservation among others which may not appear directly beneficial to us as individuals, but are vital to the community as a whole. There is therefore, a need to contribute to their provision through statutory contributions such as Property rates.

Who is eligible to pay?

Section 6(1) of the Local Government (Rating) Act provides "that the person liable for payment of the rate shall be the owner of the property in respect of which the assessment is made." Therefore, anyone who owns a building which is used for commercial purposes (including residential rented properties) is eligible to pay.

How do I pay?

Demand Notes are printed and issued to the property owners indicating the amounts payable for the given property. . Payment can be made by way of Electronic Funds Transfer (EFT) or Bank drafts, or to a Bank of one's choice upon obtaining a Payment Advise Form (PAF) or through mobile telecom and pay platforms upon visiting the division offices or the Large Tax Office at City Hall.

Property rates shall be paid in not more than two equal installments on such dates, as KCCA may appoint, within the financial year for which it is levied.

KCCA may charge and collect interest on any rate which remains in arrears for more than thirty days from the day it becomes payable at the rate of 2 per cent per month for the period the rate remains unpaid.

Where the owner of the property, upon approval by KCCA, spends money on any infrastructural work otherwise meant to be done by KCCA, this expenditure shall be offset against his or her pending rate.

What happens if I fail to pay in time?

If a property owner fails to pay his/her property rates due, KCCA will recover these funds through the following:

- **Recovery by warrant:**

(1) If a rate is not paid by the date appointed for that purpose, KCCA may cause a demand notice to be served upon the person liable, requiring him or her to pay the rate together with interest, if any, on that rate within two months after the service of the notice.

(2) If, after the service of the demand notice, the amount is not paid within two months, KCCA may apply to the magistrate having jurisdiction within the area where the property is situated for a summary warrant to recover the amount from the person liable.

(3) The magistrate shall grant the warrant upon satisfaction that the person sought to be proceeded against is the person liable to pay the amount that the amount is due from him or her and that he or she has been duly served with a demand notice

(5) Every warrant granted under sub-section (4) shall be executed as if it were a writ of execution issued by the court of the magistrate granting it.

- **Recovery by action:**

(1) KCCA may bring an action for the recovery of the amount of rate and interest, if any, without serving a demand notice over a property.

(2) The action above shall be effected within six years after the rate became due.

- **Recovery from tenants and current occupiers**

(1) Where the rates in respect of a property are in arrears, KCCA may serve upon any person paying rent or any other periodic payment in respect of that property or any part of it, a notice stating the amount of such arrears and interest, if any, and requiring all future payments of rent or any other periodic payments to be made directly to the Authority until those arrears and interest have been duly paid.

(2) The notice to be served under subsection (1) shall operate to transfer to KCCA the right to recover, receive and give discharge for rent or periodic payment referred to in subsection (1).

(3) KCCA shall also serve the notice referred to in subsection (1) on the person liable to pay the rate.

(4) No person shall be required to pay any money under subsection (1) before it is due to the person liable to pay the rate.

(5) For the avoidance of doubt, any payment received from a person to whom a notice is served under subsection (1) shall be credited to the person liable to pay the rate, in respect of the arrears of rate and the person who pays any money as a result of any notice served on him or her under subsection (1) shall be discharged from his or her liability to the person liable to pay the rate to the extent of the payment.

How do I prove that the amount reflected on the demand note is genuine?

The contents of a valuation list as for the time being in force or an extract from any such list may be proved by the production of a copy of the list or the extract of it certified by the Valuation Office or Executive Director of KCCA or Town Clerk of KCCA Division Urban Councils to be a true copy.

What happens if I buy (purchase) a property from someone?

- ***Buyer to satisfy himself or herself about arrears:***

It shall be the right of the buyer to demand a certification of arrears from the seller, and if the seller does not produce the certificate, the buyer may inquire from the Authority upon the payment of a prescribed fee.

- ***Prohibition against transfer of property in arrears of rate:***

No transfer of any property shall be registered under any law for the time being in force, for the registration of titles or documents unless a certificate that no arrears of rates are due in respect of that property has been issued by the Authority of the area where the property is situated.

- ***Person liable to notify transfer of the property:***

(1) In the event of transfer of ownership, the liability to pay a rate is also transferred. The person liable to pay the rate shall notify the fact of transfer in writing to the Town Clerk of the Division concerned.

(2) The person liable to pay the rate shall continue to be liable for the rate until he or she notifies the transfer in accordance with subsection (1) but nothing in this subsection shall affect the liability of the transferee to pay the rate which falls due after the transfer in his or her favor.

Who is exempted from paying Property rates Tax?

The following properties are exempted from paying property rates tax under the Local Government Act 2005 and its amendments of 2006;

- ❖ Any official residence of the President
- ❖ Any official residence of a traditional or cultural leader.
- ❖ Any property used exclusively for public worship, and as a residence of a religious leader.
- ❖ Any property used exclusively as a cemetery or as a crematorium.
- ❖ Any property used exclusively for the purposes of any charitable or educational institution of a public character supported only by endowments or voluntary contributions.
- ❖ Any property laid out and used exclusively for the purpose of outdoor sport or recreation.

- ❖ Any property belonging to a mission/organization entitled to privileges under the diplomatic privileges Act.
- ❖ Any property belonging to an organization in respect of which Uganda is obliged under any international convention or treaty.
- ❖ Any property belonging to any institution with which Government has contractual obligation not to levy fees and tax against it.

For more inquires on Trade Licensing, please visit any Division Urban Council Offices-Revenue, Large tax Office at City Hall or any of the one stop shops at Diamond Trust Bank Kampala Road, URSB head office at Georgina House or Tel. 020460000 , 0800990000 or eservices@kcca.go.ug