

PART VII REAL PROPERTY TAX

CHAPTER 20 REAL PROPERTY TAX

(Substantial revision will be made to this chapter under phrase II of the Tax Reform Program)

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Section 2000. Real Property Tax; Basis and Rate

Basis: On and after the effective date of this Chapter, there shall be levied annually a tax on real property in accordance with the conditions hereinafter prescribed. The tax shall be imposed upon each parcel of land not exempt from taxation, as specified hereunder, and shall consist of (1) a tax on each parcel of unimproved land, which shall include under-improved land as hereafter defined, at rates prescribed herein depending upon its geographical classification and (2) a tax on each parcel of improved land at a stated percentage of its assessed value determined in accordance with the provisions of section 1902, the rate to be imposed depending upon the use classification of the building and other improvements thereon.

Rates on unimproved Land. The following rates, varying according to its description and geographical location, are hereby imposed on unimproved land:

Units within city and town limits. Unimproved land contained in the following described units of land located within the corporate limits of a city, town, municipal or commonwealth district is subject to an annual tax as herein indicated:

(A) The rate of tax payable on a city or town lot as defined herein shall be seven percent of the assessed value thereof.

(B) The rate of tax payable on a parcel of land as defined herein which has not been divided into city or town lots and is used as farmland shall be ten percent of the assessed value thereof provided that the minimum tax levied under this provision shall be five dollars on each parcel.

(C) Rate of tax payable on a parcel land as defined herein which has not been divide into city or town lots and is being used for any purpose other than farmland shall be five percent on each acre or a fraction thereof.

(2) **Units outside of city, town, municipal or commonwealth districts.** Unimproved land contained in the following described units of land located outside the corporate limits of a city, town, municipal or commonwealth district is subject to annual tax as herein indicated.

(A) **Parcel of land as defined herein and used as farmland** – a tax of \$5.00 on each acre or fraction thereof provided that the minimum tax levied under this provision shall be \$200 on each parcel.

(B) **Parcels of land as defined herein and used for any purpose other than Farmland** – a tax of 5.00 on each acre or fraction thereof provided that the minimum tax levied under this provision shall be \$200 on each parcel

(c) **Rates on Improved Land.** The following percentage rates, varying according to the use classification, hereinafter designated, of its buildings and other improvements are hereby imposed on the assessed value of each parcel of improved land, no matter where situated.

Business or commercial use. When such building and other improvements are being used for business or commercial purposes, in whole or in part, a tax of one percent of assessed value of less than ten million United States dollars or its equivalent in Liberian dollars or half percent if the assessed value is over ten million United States dollars.

Industrial use. When such building and other improvements are being used for industrial purposes, in whole or in part, a tax of one half of one percent of assessed value, of less than ten million United States dollars or its equivalent in Liberian dollars or one third of the assessed value of more than five million United States dollars, or L\$100.00 if it is a hut.

Residential use. When such buildings and other improvements are being used exclusively for residential purposes, a tax of one fourth of one percent of assessed value or L\$100.00 if it is a hut.

Farm use in urban areas. When such building and other improvements have been constructed on parcels of land used as farmland located within the corporate limits of any city, town municipal or commonwealth district or village and are being used exclusively for farm purposes, a tax of one third of one percent of assessed value, or L\$100.00 if it is a hut.

Farm use outside of urban areas. When such building and other improvements have been constructed on parcels of land used as farmland located outside of the corporate limits of any city, town municipal, commonwealth district or village and are being used exclusively for farm purposes, a tax of one quarter of one percent of assessed value, or L\$100.00 if it is a hut.

Buildings and other improvements situated on public land.

When any such building and other improvements are situated on public land owned by the Government of the Republic of Liberia and are under lease to private persons or are in the possession and control of private persons under license or otherwise, they shall nevertheless be taxed under the provisions of this paragraph. The charge, however, shall only be against the buildings and other improvements and in such instances, and solely for the purposes of this subdivision, the said private persons shall be deemed to be the owners of the real property involved. The rate of tax shall be seventh of one percent if building is use for residence, and one percent if used for commercial purpose, or L\$100.00 if it is a hut.

(D) **Definitions.** For the purposes of this Section the following words have the meanings respectively ascribed to them:

"Assessed value" means the taxable value of land subject to taxation on the basis of such valuation, whether improved, ascertained in accordance with the provisions of Section 1902.

"Business or commercial use" in relation to building or improvements means buildings or improvements used mainly for the purpose of private profit or gain in the buying and selling of goods, the engaging in trade and commerce including retail trading, the provision and setting up of office accommodations for commercial and professional purposes, the letting of houses or apartments and includes motor vehicles service stations, motor vehicle sales rooms and garages together with any workshops associated therewith: provided that in assessing the value of any such buildings or improvements, such value not include the value of any plant, machinery, tools, or other appliances which are not fixed to the buildings or improvements or which are only so fixed that they may be removed there from without structural damage thereto.

(3) "City lot" or "town lot" means a parcel of land of such dimensions as has been or may be so designated by competent authority or so described and delimited on any official map or plot of the city, town, municipal district or commonwealth district within the corporate limits of which such lot is situated; provided, however that any fraction of such a lot which is separately owned shall for tax purposes be considered as a whole lot.

(4) "Farmland" means an area of land of lot less than five acres in area which is used primarily for agricultural, horticultural, for the growing of tree crops, grazing, poultry or pig raising, or other farming purposes.

(5) "Hut" means any structure built of indigenous material such as earth, sticks, bamboo, round pole, leaves, and etc. with foundation made of earth, walls made of earth and sticks and roof made of leaves or any other indigenous material for the occupancy of a family of five (5) or less, or any five persons (related or not).

(6) "Improved land" means land upon which improvements, as defined in this paragraph, have been effected.

(7) "Improvements" means those physical additions and alterations to land buildings and all works carried out for the benefit of land which have the effect of increasing its value.

(8) "Industrial use" means buildings or improvements occupied and used for the purpose of private profit or gain as a factory workshop, brewery or canning plant, or which are engaged in the manufacture and processing of goods for sale, provided that in assessing the value of any such premises such value shall not include the value of any plant, machinery, tools, or other appliances which are not fixed to the building or improvements or which are only so fixed that they may be removed there from without structural damage thereto.

(9) "Market value" is the capital sum which land, building or improvements might be expected to realize as at the date of assessment if offered for sale on such reasonable terms and conditions as a bona fide seller would require.

(10) "Parcel of land" means a unit of land which is separately owned, the area limits of which are contained within an unbroken continuous boundary.

"Residential use" means buildings or improvements wholly or principally used, constructed or adapted for human habitation and if wholly used and occupied by the taxpayer as his or their primary place of residence and does not include any such building or improvement which are let out either wholly or in part for the private profit or gain of the taxpayer.

"Under-improved land" means where the value of the physical additions and alteration thereto or buildings thereon and all works carried out for the benefit of the land are of low value than of the land itself.

"Unimproved land" means on which no improvement, as defined in this paragraph, have been effected and includes under-improved land as defined in this paragraph.

(14) "Value of improvements" in relation to land means the added value which the improvements give to the land irrespective of the cost of the improvements.

Section 2001: Assessed Value; methods for Determining

In General. All land subject to assessment and taxation on the basis of assessed value under the provisions of this chapter shall be so assessed in accordance with the methods hereinafter set forth.

Market value after Inspection; 5-year Term. As soon as feasible after the provisions of this chapter become effective, except for parcels of land governed by the provisions of paragraph (c), each parcel of land so subject to assessment and taxation shall be inspected and its assessed value determined on the basis of its market value as at the date of inspection. Such assessed value shall be carried on the real property assessment record books kept by the Minister for a period of 5 years from the date such valuation becomes operative in accordance with the following rules:

Determination on or before June 15th. When the assessed value of a parcel of land is determined hereunder and notice thereof is given to the taxpayer on or before after June 15th in any calendar year, the operative date shall be January 1st of the then current calendar year.

Determination after June 15th. When the assessed value of a parcel of land is determined hereunder and notice thereof is given to the taxpayer after June 15th in any calendar year, the operative date shall be January 1st of the succeeding calendar year.

Exception When Newly Completed Structure are Involved. Parcels of land governed by the provisions of paragraph (f) are excepted from the rules set forth in paragraphs (a) and (b).

Previously Determined Market Values.

5-year Term. If prior to the date when the provisions of this chapter becomes effective a parcel of land so subject to assessment and taxation has been assessed on the basis of its market value pursuant to the real property tax statutes then in force and such assessed value placed upon the real property assessment record kept by the Minister, such assessed value shall continue to be carried on the assessment record and be operative hereunder for a period of five years from January 1st of the year in which the provisions of this chapter becomes effective.

(d) Prior Assessed Values Based on Cost of Construction. Effective Until Reassessed Hereunder. If prior to the date when the provisions of this chapter become effective, a parcel of land so subject to assessment and taxation has not been assessed on the basis of its market value, but pursuant to the real property tax statutes then in force has been assessed on the basis of the cost of construction of the buildings and improvements thereon, and such assessed value placed upon the real property assessment record kept by the Minister, then, until such parcel of land is inspected and its assessed value determined pursuant to the provisions paragraph (b), the assessed value based on cost of construction shall continue to be carried on such assessment record and form the basis for taxation of such parcel of land hereunder.

(e) Land not previously Assessed; Prior Taxes to be Assessed. If prior to the date when the provisions of this chapter become effective, a parcel of land so subject to assessment and taxation has not been previously assessed and placed upon the real property assessment record, when its assessed value has been determined pursuant to the provisions of paragraph (b), in addition to the real property tax liability imposed in accordance therewith and based upon the assessed value so determined, such parcel of land shall be assessed for all unpaid real property taxes due against such land in accordance with the real property statutes in force, for a period of five years immediately prior to the operative date of the assessed value determined in accordance with paragraph (b).

(f) Newly Completed Structure. When newly constructed improvements on a parcel of land are completed, either fully according to the plans therefore, or particularly to the extent that the new construction is being used or can be used for the purposes for which it was constructed or otherwise, a determination shall be made of the assessed value of the parcel on the basis of its market value as at the date of inspection. In the event the assessed value becomes operative on or after February 1st in any calendar year, the appropriate real property tax shall be levied on the parcel involved for the remainder of the calendar year at the rate of one-twelfth of the annual tax based on such assessed value for each month or fraction of a month of the then current calendar year remaining, and the assessed value shall be carried on the real property assessment books for a period of 5 years from January 1st of the succeeding calendar year. In the event such construction is completed as herein before January 31st in any calendar year, then the real property tax to be levied on such parcel for such calendar year shall be the whole of the annual tax based on such assessed value and the assessed value shall be carried on the real property assessment books for a period of five years from January 1st of the then current calendar year.

(g) Reassessment of 5 year Term Assessed Values. Prior to the termination of any 5 year term during which the assessed value of a parcel of land, based upon market value, is carried on the real property assessment record books, a re-inspection of such parcel shall be made and a re-assessment of its assessed value shall be determined upon the basis of its then market value. The assessed value so determined upon such re-assessment shall be carried on the real property assessment record books for an additional 5 year term when notice there is given to the taxpayer on or before June 15th of the succeeding calendar year. If no re-assessment of the assessed value of parcel of land is so determined, then prior assessed value shall continue as the basis for the levying of the annual real property tax thereon, except that a taxpayer, on or before June 15th of any year subsequent to the termination of any 5 year term, may serve and file an administrative appeal in the manner prescribed by section 60, requesting a review of the assessed value of the parcel. A re-assessment of the assessed value of a parcel of land based on its then market value may be made by the Minister at any time subsequent to the termination of any 5 year term. The duration of the 5 year term during which assessed value so determined becomes operative shall be governed by the provisions of subparagraphs (1) and (2) of paragraph (b).

Section 2002. Payment Date; Interest and Penalty on Late Payment

The real property tax prescribed by this chapter covers the period from January 1 to and including December 31 of each year and shall become due on July 1st of the year in which it is levied. It may be paid without the imposition of interest or penalty at any time prior thereto from January 1. Interest at market, in accordance with section 11 shall be charged thereon if the tax is not paid on or before July 1st of the year in which it is levied and if it is not paid on or before July 31st of the year in which it is levied, the Minister, in addition, shall assess and add to the amount due, or to any underpayment thereof, an administrative penalty of 5 percent per month for each month or part of a month elapsing after July 31st that it remains unpaid, but not to exceed 25 percent in the aggregate.

Section 2003. Assessment Records to be Kept by Minister; Open for public Inspection

There shall be kept by the minister in the several offices of the Ministry nearest to the real property subject to assessment and taxation under this chapter, together with duplicates thereof at the principal office of the Ministry, books of record in which notations shall be made relating to such real property under the surname of the owners thereof alphabetically arranged in relation to each other and consisting among other things, of the following data:

Location, area, lot number designation, if any use classification, the date of its inspection for the purpose of determining its market value, its assess value and the annual tax levied thereon.

The aforesaid books of record are to be called "The Real property Assessment Record" and shall be open to inspection by the public during official business hours.

Section 2004. Real Property Owners to File Schedules of property

Every person who acquired title to real property subject to assessment and taxation under the Chapter, within thirty days after the effective date of this Section or within thirty days after acquisition, as the case may be, shall file in the office of the Ministry nearest to where such real property is located a correct and specific schedule of all such real property acquired by him. Such schedule shall contain a complete description of the real property, including its location, area lot number, designation, if any use classification and the actual consideration paid on its acquisition.

Section 2005. Registrars of Deeds and Land Commissioners to Submit

Reports of Conveyances

Registrars of Deeds shall submit to the Minister on the first day of each month a report of all transfer or ownership of real property that have been recorded or registered in their offices during the preceding month. Directors of Public Lands shall also submit reports to the Minister on the first day of each month of all land grants issued by them during the preceding month.

Section 2006. Assessors; Notice of Determinations, Criteria to be used by them

(a) *Minister to Appoint Assessors and Give Notice of their Determinations.* Except as otherwise provided, all land, whether improved or unimproved, subject to assessment and taxation on the basis of its assessed value, shall be assessed or reassessed as the case may be, by officials appointed and authorized by the Minister to act as real estate assessors. Upon the rendering of their determinations the Minister shall give notice in writing to the owners of the properties involved of the assessed taxable values thereof as to determined and of the annual tax assessed thereon, or if this is impracticable, he shall publish such information at least twice in a newspaper having general circulation in the area in which the properties involved are located. In the event notice is given by the way of publication, it shall be deemed to have been received by the owners so notified 10 days after the last publication.

(b) *Criteria.* The assessors shall be governed by the provisions of Section 1902 in assessing taxable property.

Section 2007. Taxes to Become Liens on Real Property on Due Dates

Taxes on real property on the dates when they become due, and interest, penalties and other charges thereon when assessed, which may hereafter be laid or may have heretofore been laid on any real property in the Republic shall be and continue to be, until paid, liens thereon and shall be preferred in payment to all other charges on the real property involved. Delinquencies shall be reported to the Minister of Justice for collection through the Tax Court.

Section 2008. Recovery of Delinquent Real Property Taxes

Upon receipt of a report of delinquency in the payment of real property taxes, the Ministry of Justice may bring suit in the Tax Court in the county in which the property is situated to recover the delinquent real property tax and all penalties and interest thereon and to foreclose the lien thereon. The case shall be tried in a summary manner. If the Minister of Justice establishes that the alleged delinquency exists, judgment of foreclosure of the tax lien shall be rendered and execution ordered against the real property involved returnable before the judge of the said court.

Thereupon, the ministerial officer of the court shall be directed first, to give due notice to all persons concerned and then, to sell the real property involved at public auction to the highest bidder and convey title to the purchaser. The proceeds arising from the sale shall be applied in the following manner: first, to the payment of taxes, penalties and interest due; second, to the cost of the court; and last, the balance if any, after the payment according to their priorities, of the liens against the real property, if any shall be paid to the owner of the real property involved. Nothing in this section, however, shall be construed to prevent the said owner from bidding in at the public auction provided for herein.

Section 2009. Exemptions

The following categories of real property shall be exempt from real property taxes:

- (a) All public lands, buildings and other improvements, including subsequent additions thereto, owned by the Government of the Republic of Liberia except to the extent set forth in paragraph (f) of section 1901.
- (b) All properties owned by churches, religious societies, and foreign and domestic missions, educational institutions, charitable organizations, and fraternal organizations; provided such properties are used for religious, educational, charitable, or fraternal purposes and not for profit; and provide further that such property is not rented or leased except to another organization whose property is exempt from real property taxes under this subsection and then only if the rental income is used exclusively for the aforesaid prescribed by the chapter and the tax is to be paid by the owner.
- (c) All properties used exclusively for religious, charitable or educational purposes.
- (d) All properties held by the University of Liberia.
- (e) All properties of foreign government on lands leased from or deeded by the Republic of Liberia. However, land and property of private persons rented or leased to foreign governments are subject to the tax prescribed by this chapter, which shall be paid by the owner of the property or the withholding Agent.
- (f) All property which is exempt from real property tax under the terms of statutes, treaties or agreements passed or entered into by the Government of the Republic of Liberia, provided that the property is held and used in accordance with any conditions contained in such statutes, treaties or agreements.
- (g) Real property leased by Government at the time of the passage of this law which is exempt by agreement from the payment of real property tax, shall continue to be exempt from the payment of such tax only for the duration of the period for which such property is now leased, including the option period.

Section 2010. Payment of Delinquent Taxes as Condition Precedent to Conveyance of Interest in Real Property

- (a) Production of Official Tax Receipt Required. The production of an official tax receipt evidencing that all delinquent real property taxes have been paid in full for the premises involved shall be a condition precedent to the probate and registration of any deed, lease agreement or other instrument affecting or relating to the passage of title or other interest in real property, whether by sale of lease, and title or other interest in real property shall not be deemed vested in the purchaser or lessee until all delinquent taxes have been paid; provided that the foregoing shall not apply to the sale of public land.
- (b) Probate and Registrar Officials Restrained from proceeding Until Official Tax Receipt produced. The judge of the probate court, the Registrar of Deeds and any other person or agency responsible for effectuating the passage of title or any other interest in and to real property or responsible for giving due notice of such passage interest in and to real property, shall withhold action on any deed, until an official tax receipt is produced showing that all delinquent real property taxes have been paid in full for the premises involved.

Sections 2011-2099. Reserved