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*Inland Revenue Department
SAINT LUCIA*

Property Tax

*Our Vision for the
Future*



OUR MISSION

The Inland Revenue Department stands committed in its impartial treatment of its customers. We aim to provide an efficient, professional and courteous service, while administering the relevant tax laws on behalf of the Government and people of Saint Lucia.



INTRODUCTION

Property taxes originated as a method of distributing the cost of certain geographically based services such as education, fire protection, security, roads, health to name a few. The tax attempts to allocate the cost fairly among those who benefit from the services. The tax charged on each property is in proportion to the property's value. The Inland Revenue Department and the District Councils were charged with the responsibility of collecting property tax. The Inland Revenue Department collected property tax in the rural areas while the District Councils collected in the urban areas.

Government felt it was necessary to centralize the management, assessment and collection of tax on land and houses throughout St. Lucia. This led to the establishment of the Property Tax Unit at the Inland Revenue Department in 1999.



CONCLUSION

With the introduction of computers, trading on the Internet is increasingly becoming the norm. As a result it is envisaged that businesses will suffer a significant reduction in profit. Property tax can be so positioned to take up the slack expected by the reduction in income tax.

However, there is a dire need for a more equitable and transparent system of valuation for property tax purposes. This in effect will help to reduce or eradicate the margin of error that exists in the current method of valuation thus encouraging voluntary compliance. It also provides for the collection of vital information such as market values, market trends, development costs and building costs.

Since properties are required to be revalued every five years property tax can be deemed to be very stable and can be more accurately determined. This places the policy makers in a better position to plan and prepare their budget. It must be stated that property tax may be the tax of the future as it is very stable and by all indications appears likely to increase revenue to provide the much needed social services to the people of St. Lucia.



PROPERTY OWNERS' RIGHTS & RESPONSIBILITIES

The property tax assessor's job is not to artificially increase assessment but to arrive at the most equitable value possible on all properties. It must be mentioned that the market place establishes the value to be placed on the property. It is the assessor's duty and responsibility to understand the value and assess the property accordingly. Property owners can help by ensuring that the information the Department has on file is as accurate as possible.

The Department will be glad to answer questions about your assessment if you think it is too high as it is our responsibility to explain the basis of the assessment. The property tax legislation makes provision for taxpayers to appeal if they are not in agreement with the Department's valuation.

A property owner is required to declare his property to the Inland Revenue Department within thirty (30) days of becoming the owner. This declaration must be a true statement of:

- (1) The description, Block and Parcel number, area and value of the land and in the case of a house its rental value;
- (2) The mailing address and a contact number of the owner or representative.



OBJECTIVES

The objective of the Property Tax Unit is to value and assess all properties in St. Lucia in accordance with the appropriate legislation. The Unit is responsible for:

1. Registering all properties in St. Lucia;
2. Updating registration information when required on the database;
3. Generating property tax assessments to inform taxpayers of their liability;
4. Preparing a Property Tax Roll;
5. Preparing a Delinquent Property Tax Roll; and
6. Valuing every property in the island.

There is general consensus that the existing property tax legislation is outdated and needs to be replaced. This is as a result of a worldwide trend of establishing a more equitable method of valuing properties. The current thinking is that the method of valuation used should be the market value approach instead of the Annual Rental Value approach which is currently in use.

Presently the Department is reviewing the proposed Land Tax and Valuation Acts. These two Acts are expected to replace the existing Ordinance.



OPEN MARKET VALUE

Open market value is the price of a property agreed upon between a willing and informed buyer and seller. Under usual and ordinary circumstances it is the highest price a property can be sold if it was exposed for sale on the open market for a reasonable period of time without undue stimulus. Sometimes sales occur at prices other than Open Market Value.

This can happen as a result of:-

- Time pressures on the buyer or seller;
- Transfer of property within families;
- Non- armslength transactions.

ANNUAL RENTAL VALUE

Annual rental value is deemed to be the price at which a house can be rented. It must be noted that there is little equity in determining the rental value of a house. To arrive at a rental value many factors such as current market rental, vacancy rates, operating expenses and insurance must be taken into consideration.



VALUATION METHOD

Contrary to popular belief the proposed new method of valuation is not to increase taxes but to have a fairer and more equitable system of assessing so that the tax burden can be more fairly and equitably distributed. Revaluation can actually lower the value of a property in a declining market. However, whether taxes go up or down depends largely on the tax rate applied.

Two methods used in determining market value are sales comparison and cost approach. The sales comparison value is determined by comparing the property with other recently sold properties within the area. The cost approach is based on the cost of replacing a property less its depreciation.