



Re-thinking property identification and registration for taxation purposes

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Property Identification: The Foundation for Property Tax Administration

- Discovery generally encompasses two interlinked processes: **identification and measurement**.
 - Properties must be identified on a map
 - Measurement plays a central role in establishing the assessed value of properties in the valuation process
 - Identification is conducted through various methods such as **manual identification, satellite imagery** paired with ground truthing (offers an effective and transparent approach) or **drone imagery**.
 - The key purpose is to determine the tax base from the identified properties and better estimate the potential of property tax revenues.
 - Yet, in several low-income countries, less than **30% of properties are registered and sometimes this is as low as 10%**.
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Why is Property Identification Challenging?

- Experience from various lower-income countries shows that effective property identification and registration fails due to:
 - Low technical capacity by the local/tax administrations
 - Political resistance to developing a comprehensive property mapping system
 - Reliance on formal registration. However:
 - Many properties are not officially registered in national cadastres,
 - There is poor data sharing between land authorities and tax authorities, which can result in both gaps and inconsistent databases.
- All these challenges lead to incomplete property lists and irregular updates of the property records
- This, in turn, creates problems of tax fairness and justice and can undermine citizens' trust in the tax system.

Key Questions

- 1) *How can the technical capacities of governments be strengthened in order to make property identification more effective?*
- 2) *Should governments first complete a formal cadastral and then raise taxes, or can property identification be simplified?*
- 3) *How can governments simplify and register properties effectively to avoid delays and additional complexity?*