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Lagos reverses land use charge to pre-2018 level

The Lagos state government says it will revert to the pre-2018 land use charge rate to reduce the financial pressure on citizens.

Rabiu Olowo (pictured), the state commissioner for finance, announced the development at the 2020 ministerial briefing to mark the first year anniversary of the Babajide Sanwo-Olu led administration.

“As we are aware, in 2018, there was an increase in LUC rate and at the same time, a revaluation of property; this twin-shock had a sporadic increase in LUC assessment. The soon to be revealed reform will among other things, reverse the rate to pre-2018 rate,” he said.

“The reform also considered a flexible land use charge payments and efficient customer service management in other to ensure prompt issue resolution.”

Akinwumi Ambode, immediate past governor of the state, announced a review of land use charge in 2018; increasing the charge on a property solely occupied by the owner for a residential purpose to 0.076 percent per annum from 0.0394 percent.

The rate for an investment property fully occupied by tenants or third party(ies) was increased from 0.394 percent per annum to 0.76 percent.

After opposition from various quarters, the rate for commercial properties was reduced by 50 percent and 25 percent for owner-occupiers.

Olowo said the government hopes to keep economic activities going in the state without causing problems that will complicate the financial hardship caused by the COVID-19 pandemic.

Listing other initiatives that have been put in place in the last one year in the area of revenue optimization, the commissioner said an e-tax platform has been deployed for tax operations and administration matters, automation of operations of Lagos Lottery Board and F.O.R.C.E (Focus On Revenue Creation Everywhere), to monitor, review and drive innovative revenue performance whilst providing revenue assurance.

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He explained that the state has been able to restructure all its existing internal loan facilities previously at the rate of 18%-20% to 14% thus increasing cash flows adding that the state achieved 106 percent performance in the first-quarter revenue as against budget.

Lagos govt. to reverse Land Use Charge — Commissioner

The Lagos State Government will soon unveil a reform that will include the reversal of the Land Use Charge (LUC) to the pre-2018 rate, Commissioner for Finance, Dr Rabiu Oluwo has said.

Oluwo disclosed this on Wednesday, during the 2020 Ministerial Press Briefing to mark the first year in office of Gov. Babajide Sanwo-Olu.

He said that the state government had to review the increase in land use charge assessment to accommodate the agitations of residents and to reduce the financial pressure on citizens as it related to LUC.

"As we are aware in 2018, there was an increase in LUC rate and at the same time a revaluation of properties; this twin-shock had a sporadic increase in LUC assessment.

"The soon to be revealed reform will among other things, reverse the rate to pre-2018 rate," he said.

The commissioner said that the intention of the state government was to keep economic activities of the state going.

He said that this was without necessarily causing any untold hardship that would further aggravate the present financial hardship confronting all sectors of the state's economy.

According to him, the pre-2018 charges which will soon come into effect will reflect current realities to reduce burden on citizens.

"The reform also considered a flexible land use charge payment and efficient customer service management to ensure prompt issue resolution," he said.

On procurement process, Oluwo said that the review was simplified to reduce the bureaucracy in the state procurement process and accommodate small businesses in accordance with the Procurement Law and Guidelines.

He said that among initiatives put in place in the last one year in the area of revenue optimisation were the deployment of e-tax platform for tax operations.

Oluwo noted that there was also administration matters, automation of operations of Lagos Lottery Board and FORCE (Focus On Revenue Creation Everywhere), among others.

The commissioner said that the state achieved 106 per cent performance in first quarter of the year revenue as against budget.

He said that the twin shock of COVID-19 pandemic and the dwindling oil prices which had affected the state revenue necessitated the review of the year's budget.

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"The direct impact of the pandemic is a drop in the state's IGR and Federal Allocation, which also results in decline of Foreign Direct Investment (FDI) and increased pressure on income and purchasing power of Lagosians," Olowo said. (NAN)

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