

PROPERTY TAXATION and Rating Systems in Peri-Urban Areas: REFLECTIONS ON EPWORTH, HARARE METROPOLITAN PROVINCE, ZIMBABWE



ZEBEDIAH MUNETA

Property Taxation and Rating Systems in Peri-Urban Areas: Reflections on Epworth, Harare Metropolitan Province, Zimbabwe

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Dedication

To all players in the built environment and realty.

Acknowledgments

We appreciate the invaluable insights we got from our reviewers and the editorial team.

Book Synopsis

The study evaluated local governments' potential and obstacles for revenue collection. The study examined the various income streams, and their impact on the budget and their rate of collection. The assessment was conducted using a case study research approach. Data were gathered using both primary and secondary sources. Data were gathered via Epworth Local Board reports, surveys, observations, and interviews. The study found that Epworth Local Board faces operational issues like insufficient funding for daily operations, capital to implement a workable system that aids in revenue collection, and providing residents with services like roads and sewer that are primarily attributed to its inability to effectively collect revenue. The research came to the conclusion that in order for local governments to remain sustainable, they needed to increase service delivery efficiency, practice correct billing, enhance revenue collection methods, and reduce official corruption and financial theft. Additionally, local governments need to be well-liked and reputable by all parties involved. Maintaining sound corporate governance will encourage ratepayers to make their payments. Politicians should help local government's efforts to collect taxes by encouraging local authorities to develop debt collection procedures. The study suggested that to upgrade their outdated infrastructure, local authorities should receive funding from the local government. Programs that aid in revenue generation and collection, such as the use of the revenue enhancement model, door-to-door revenue collection, and debt management, must also have the full support of the central government through legislation. Initiatives for local economic development were also suggested to expand the revenue options for local authorities.

Keywords: Property tax, revenue, rate payers, Low-income neighbourhood, informal settlements

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ACRONYMS

PT	Property Tax
VAT	Value Added Tax
CGT	Capital Gains Tax
ELB	Epworth Local Board

CHAPTER 1: The Context and Problems Surrounding Property Tax and Rates

In general, systematic property registration increases income from property taxes/fees and allows the government to regulate tax evasions by utilising accessible information in the property database. Developed countries have realised that one of the important answers to the availability of land information required in collecting property taxes is the construction of a property database that will allow tax authorities to collect significant money for the government (Nengeze, 2018). Available literature suggests a bias toward the efficacy of property taxation systems in less developed countries because of outdated property databases that allows the government to collect more income that aids in improving service delivery. According to Bahl (2009), in industrialised nations, the bulk of property taxes are now collected based on the market value of the property and the revenue generated by the property. Similarly, Norregaard (2013) investigated how property has been taxed in Australia, United Kingdom, United States of America and France have continued to comprise a large component of the national income tax base. Property taxes have been identified as an important source of revenue for governments and local governments in industrialised nations such as the United Kingdom, Australia, and the United States of America. Although, some countries in Sub-Sahara Africa such as Botswana, South Africa, Zambia, and Zimbabwe have more or less extensive studies on property taxes, no comprehensive or collective research on property taxation in this wide sub-region of Africa has been conducted (Nengeze, 2018).

It evident that property tax and rates are underutilised as a source of income in developing countries, and has become prominent on the international development agenda (Moore *et al.*, 2008). Property tax collection is still quite low in less developed countries. Due to the fact that property taxes are levied on immovable property and buildings, taxpayers are unable to move to another jurisdiction to avoid them unless they sell them (Monkam and Moore, 2015). Gradually, but insistently, property taxation is emerging on the international development agenda, amid growing recognition that it is widely under-utilised as a source of revenue mobilisation, local state-building and urban redistribution (Moore 2004). Recent decades have seen widespread

recognition of the importance of tax in general as a tool of state-building and development, both in terms of its role in fostering a fiscal contract between government and the governed, and its capacity to increase self-reliance and self-determination in highly aid-dependent countries (Levi 1988; Lieberman 2002; Moore 2004; Bräutigam *et al.*, 2008).

Many of the tax reforms taking place across the developing world since the late twentieth century have, however, been primarily concerned with indirect taxes, and in particular the simplification and reduction of customs duties, and the introduction of Value Added Tax (VAT) (Moore 2004). Even where direct taxes are concerned, the primary focus has been on the creation of effective national revenue systems and the simplification of income taxation (Lieberman 2002). This makes sense given that the majority of taxation occurs at the national level almost everywhere, particularly in emerging nations with colonial and postcolonial legacies of centralisation. However, the increased attention being paid to tax reform has coincided with a boom in decentralisation measures throughout the developing world (Watson 2014). This is accomplished by gradually shifting more and more duties to local governments, who typically lack the financial resources to carry them out.

In the developing world, local governments frequently rely on a bewildering variety of taxes, administrative fees, payments for licenses and permits, fines, user fees for particular services, and various types of land use fees and rents to generate revenue. A sleeping behemoth among these is property taxation. An urban revolution is taking place in much of Africa, a continent that has traditionally been primarily rural and reliant on agriculture (Parnell and Pieterse 2014). Many of the continent's cities are expanding economically, physically, and demographically. Against a background of economic growth in many African states, cities on the continent have been termed the final frontier for international property development, and being spaces for capital accumulation by domestic elites (Watson 2014). The rapid growth of many economies in Africa and elsewhere in the developing world is in large measure driven by construction and other urban service sectors, especially given the difficulties of pursuing the more conventional forms of economic catch-up through industrialisation (Moore, 2004). Such property-driven development trajectories give property taxes a new sense of urgency since luxury real

estate is snatching up enormous sums of money in a lot of extremely impoverished nations while having unclear developmental effects (Lieberman, 2002; Moore, 2004). Yet despite considerable attention to property taxation by scholars and the development community in recent years with very few lower-income countries have a property tax system that is fit for purpose (Monkam and Moore, 2015).

When the property is sold, the seller may be subject to capital gains tax (CGT), income tax, and value added tax (VAT) in some cases. Despite the potential of the tax, the tax base has been eroded by a number of unreasonable exemptions, valuation inconsistencies, inability to update the valuation database, limited administration capacity and equipment, inaccurate land records and poor record-keeping, collection and enforcement challenges, lack of political support, and government interference in revenue collection (McCluskey, 1991). This study investigates the issues, opportunities, and pitfalls of the property taxation system in low-income neighbourhoods.

Property taxation and rating presents unique challenges because each country defines land and property differently using appropriate approaches of property taxation differently. Property frequently refers to both land and buildings, but it may also refer to plants and machinery, and specific possessions such as automobiles (Piracha and Moore, 2015). Using land and property in taxation and rating as a fiscal tool has been in practice for many years and is found worldwide (Bird & Slack, Eds. 2004). (Bird & Slack, 2004). The urban property tax is the most important source of revenue for local governments (Bahl & Linn, 2017). Historically, public finance economists have assessed property taxes based on their efficiency, incidence, and simplicity of administration. The primary problem from the standpoint of economic efficiency is the amount to which a tax creates inefficiencies into the economic system, so producing a "excess burden" in addition to the basic cost of tax payment (Keen and Slemrod, 2017). There is now a heated debate on this subject, on the one hand, Kellam and Kew, 2004) claimed that, local property taxes combined with municipal zoning rules, results in a system of benefit taxation that encourages households to make efficient geographical and budgetary decisions. Whereas Martinez-Vazquez and Youngman (2008) argue that, property tax differentials are similar to excise taxes that distort

local decisions and hinder the deployment of capital. As a result, in real practice, the justification for property taxes only on efficiency grounds is not entirely evident in low-income neighbourhoods since there is no established, updated, functional land records.

The previous understanding of the property tax that regarded it merely as an excise tax on housing and commercial buildings, implied that it was a regressive tax: housing expense, it was believed, drew a disproportionate fraction of income from poorer people rather than richer households (McGuire and Dana, 2019). The research done by Mieszkowski and Zodrow (2017) on the income elasticity of revenue generated from residential properties. The discovery that housing spending is broadly proportionate to permanent income showed that property taxation was more equivalent to an income-based tax. The so-called "new perspective" of the property tax regards the average tax rate across communities as fundamentally a tax on capital; as such, its incidence is likely to be extremely progressive (Mieszkowski, and Zodrow, 2017). This strategy predicts that the property tax is likely to be far more progressive than a sales tax, notwithstanding variations in the way that neighbourhoods are built up and the possibility that local governments act as excise taxes on certain traits. The third issue is how the property tax is administered because homes are rarely sold, tax liabilities must be determined using an anticipated or "assessed" value (Mirrlees *et al.*, 2011). Given that the ratio of assessed value to true market worth might differ significantly within a same taxation jurisdiction, many people expressed their displeasure with the tax.

Urban service industries, like construction and real estate, are a major contributor to Africa's current economic growth. This is seen in the continent's fast changing landscapes and the abundance of expensive real estate in its bustling metropolitan cities that is frequently accompanied by rising socioeconomic disparity (McCluskey, 1991). In this regard, national and international officials are increasingly realising the urgent need for local governments to improve their property taxation systems. Despite this, even in states considered particularly 'developmental' and committed to increasing tax revenue, property taxation has fallen by the wayside (Bahl & Linn, 2017). This study argues that, in addition to the usual technical and political

difficulties associated with property taxation, it is crucial in reform-oriented developing countries to understand the nature of land tenure systems and how they are changing, and historical legacies relating to land and housing (Moore 2004). Moves to introduce or improve property taxation system need also to be considered in relation to how contemporary development strategies constrain or facilitate investment in real estate, and the political economy underpinning this sector (Lieberman 2002). The report highlights critical themes for enhancing property taxation systems through an investigation of current property tax systems in low-income neighbourhoods in Zimbabwe and failed, halted, and ongoing land registration process attempts in Zimbabwe.

In Europe, several taxes are levied on the land and property, in 2020, the contribution of revenue generated from such taxes was estimated at 0.3% of the EU's GDP. In some other countries, they range from 0.7% of GDP in Belgium and France to 0.4% of GDP in Spain, with Estonia, Cyprus, Portugal, Romania, Slovakia, and Sweden having approximately 0.25% (Eurostat, 2021). France, Denmark, Germany, the Netherlands, Belgium, the United Kingdom, and the Republic of Ireland have completed or are in the process of completing substantial tax reforms over the previous decade (Kellam and Kew, 2020). Some emerging democracies such as France, Russia, UAE are examining and changing their relatively new taxation systems in response to developments in their property markets. Individual taxes do not exist in isolation from wider fiscal, economic, and political processes (Lieberman 2002). Property taxation, in all of its forms, is no exception to the rule that changing one tax impacts others.

Many nations are taking advantage of this chance to reform and enhance their tax administration systems, and to lower their tax rates to compete with those of other members (Kellam and Kew, 2020). As one of the first signs of the problems caused by traditional national taxation systems, the Dutch Ministry of Finance noted in the early 1990s that businesses were not only locating in the most tax-friendly areas, but also purchasing goods and services from other countries with lower tax rates and other costs (Kellam and Kew, 2020). This study will reveal unique issues for developing-country property taxation systems, but it also increases its effect potential by allowing

comparative analysis to inform future policies targeted at strengthening property taxation systems. This not only simplifies the assessment and collection process, but it also ensures a more acceptable and understandable tax base for taxpayers (Goodfellow, 2015). Furthermore, the local government will evaluate and analyse the money collected by each type of tax in the context of each country's local government and financial system.

After thirty years of committees and studies urging change, property tax reforms were adopted in North American nations in the 1990s. The primary motivation for reform was that the previous assessment method had caused disparities within and between property classes, and across municipalities (Moore 2004). These issues have been discussed for many years, but the situation became urgent in the early 1990s, when the number of successful assessment base appeals increased significantly, resulting in a major loss of the property tax base (Piracha and Moore, 2015). Simultaneously, a new provincial administration was implementing significant local government changes such as municipal restructuring and service realignment between local governments and the province. The revision of property taxes was part of a bigger financial revamp of local administrations of the potential and restrictions of property taxes (Kellam and Kew, 2020).

Property taxes are a significant source of revenue for governments worldwide, particularly at the local level (Norregaard, 2013). This is also true for the majority of the fourteen member states of the Southern African Development Community (SADC). Property tax is defined at the regional level as any yearly property tax charged at the local government level within SADC member states; three property-related taxes levied by different levels of government are briefly addressed (Norregaard, 2013). The revision of property taxes was part of a bigger financial revamp of local administrations. Property-related taxes include value-added tax, any sort of transfer tax on the transfer of immovable property (for example, transfer duty or stamp duty), estate duties and gift taxes, and capital gains taxes (Goodfellow, 2015). Despite the fact that no or limited data for the Democratic Republic of the Congo and the Seychelles could be obtained, it is fair to presume that property-related taxes are levied in some form or another in these two countries as part of a bigger financial reform of local administration.

However, the critical success factors in the region with regards to a potentially useful property taxation system to competent local government is to examine local authorities that function effectively. The determinants of success identified in the study that was done by Piracha and Moore (2015) include; location in an area with an adequate economic base; well-defined responsibilities in a satisfactory legal framework; capacity to mobilise sufficient resources; supportive central government activities; and appropriate management practices, including development of productive internal and external relations and satisfactory responsiveness to constituents. All of these factors are considered to be necessary, but none is independently sufficient to guarantee success that is a multidimensional and cumulative process of achievement of goals of local authorities (Kellam and Kew, 2020).

Due to these limitations, local governments in Ghana have been urged to exhaust all legal options to create their own income and wean themselves from an excessive reliance on subventions from the federal government. Ghana's local governments currently have access to a number of potential local level revenue streams. The Local Government Act (1993, Act 462) provides local governments the authority to levy market tolls, licenses, taxes, and property assessments to fund local development initiatives (Moore 2004). Property taxes are seen to be the most consistent source of income among them, and they help keep local government budgets balanced (Asiama, 2006). Property taxes are potentially revenue productive and revenue income elastic due to their large and quickly rising tax base (Sahari *et al.*, 2021). Particularly in metropolitan regions and cities, property taxes have the potential to generate significant revenue. Property taxes have the potential to bring in a sizable sum of money to improve service delivery for councils. This anticipated growth in developing countries would have an effect on Zimbabwe's urban population and present an opportunity for the country's tax base to increase when new urban infrastructure is needed.

According to Bahl *et al.* (2008), property tax has a sizable and quickly expanding tax base, making it potentially revenue-productive and income-elastic. According to McCuskey and Franzsen (2005), property taxes offer a significant opportunity to generate revenue, especially in urban areas.

Zimbabwe's urban population will be impacted by this anticipated expansion in emerging countries, and the country's tax base may grow as urban infrastructure develops (Moore 2004). More housing will be built as more people move to cities to meet the expanding population. As more homes are built, the tax base grows, increasing the amount of money that may be made.

Due to the rising complexity of local level development demands and the growing incapacity of central governments to consistently fund local governments in developing countries, local level income generation has assumed a crucial role in advancing local governance (Moore 2004). The central government's payments to local councils are frequently claimed to be insufficient, irregular, and in arrears, and the process of conceptualizing central-to-local level financing is fraught with serious difficulties (Banful, 2007). Property tax is another essential component of fiscal empowerment for local governments, according to Mathur *et al.* (2009). This is why the goal of this study is to determine if and how much municipal infrastructure might be financed by property taxes. Property tax's popularity as a source of local government revenue is not by chance, as it has many characteristics that fit within the framework of a good local government tax system (Moore 2004). Zimbabwe's property tax history dates back to colonial times, when various types of hut and house taxes were levied (Tawodzera and Chigumira, 2019). Following independence of Zimbabwe in 1980, there were almost no statutory powers to support the imposition of a property tax through the Urban Council Act and the act was passed after the Regional Town and Country Planning Act.

Property tax collection is minimal, and as a result of the system, the local authorities have massive debts and tax arrears. Because of inconsistency in rating valuation in Harare, recorded property market values are lower than current market values (Dammak, 2015). To boost revenue from property, it is necessary to restructure the tax base, assessment, collection, and administration systems for local authorities in particular and Zimbabwe as a whole. Due to the fact that many properties are not even registered to collect taxes for the government, nothing has been done to explore the difficulties, possibilities, and risks of Zimbabwe's property taxation system in low-income neighbourhoods. Due to inconsistent property grading and a failure to

take into account the value of upgrades on residential properties, Harare's property taxes are not generating as much revenue as anticipated. There are a number of exclusions, omissions, and reliefs available, and rating valuation anomalies, a failure to update valuation databases, and a lack of administrative staff and equipment. Land records that are inaccurate, inadequate record keeping, collection and enforcement concerns, and a lack of political backing and government intervention are all issues. Epworth is used as a research area because it has the greatest residential property and the largest percentage of informal settlements.

This study aims to explore the opportunities and constraints for property taxation and rating system in low-income neighbourhoods in Zimbabwe. This aim will be achieved through the following specific objectives and research questions:

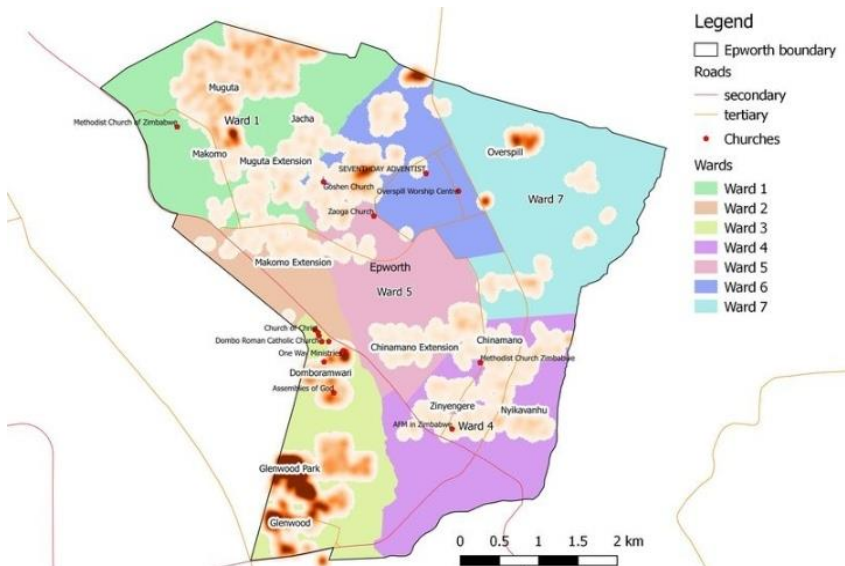
1. To analyse the existing property taxation, rating system and different types of property taxes applicable in low-income neighbourhood in Epworth
 2. To examine the problems of property taxation and rating in Epworth
 3. To explore the possibilities of an improved property taxation and rating system in Epworth
 4. To assess the possible legislative changes required to make effective property taxation system in Epworth
-
1. What is the property taxation, rating system and the different types of property taxes applicable in low-income neighbourhood in Epworth?
 2. What are problems of property taxation and rating in Epworth?
 3. What are the possibilities of an improved property taxation and rating in Epworth?
 4. What are legislative changes required to make effective property taxation and rating system in Epworth?

The study assumes that the local and national governments are losing a lot of revenue in property taxation because of inefficient property taxation and rating system in low-income neighbourhoods.

The research seeks to enlighten various stakeholders on the possibilities of a functional property taxation and rating system since property taxes is a key income generator for the government revenue. Many residential and commercial properties in low-income neighbourhoods in peri-urban areas Zimbabwe are missing from the property register due to excessive informality in land distribution, resulting in local authorities losing income that should be collected and channelled towards service delivery. The literature on the examination of property taxation difficulties and opportunities is limited, particularly in developing countries hence the importance for the study to fill the literature gap (Nengeze, 2018). The research contributes towards expanding the knowledge base of the potential advantages of a functioning property taxation and rating systems in the global South. The study is in support of education 5.0 which aims in providing solutions to the societies hence the study aim is to contribute to the academic world by applying and assessing existing property taxation and rating challenges and proffer recommendations offered by the implementation of a multifunctional cadastre/functional property recordation system. The following stake holders benefit from the study in a different way as outlined below.

The study's findings will assist local authorities in improving their property taxation and rating system by reviewing the current legislative framework to increase income received from land and buildings. This is due to the fact that modifications to the property taxation and rating system may have a number of social and economic implications for the real estate market and other sectors that has an impact on the overall performance of the economy's output. The findings will assist Epworth Local Board and Zimbabwe Revenue Authority to know the challenges and opportunities they are facing in the collecting of revenue from property rates and taxes respectively. The research's suggested remedies to the problems with revenue collection will also be helpful to the management. As a consequence of the research, local authorities will be created that are able to operate profitably and provide services that are up to par. The citizens of Epworth will profit from this. The quality of life for citizens, the economy, and the progress of the country are all significantly impacted by how well local authorities offer services. Therefore, it is essential for local authorities to be able to raise enough money to ensure satisfactory service delivery and, as a result, an improvement in the citizens', the economy's, and the country's standard of living. Finally, this study also

aims to assist policy makers in Zimbabwe to come up with policies that will aid in the improvement of the country's property taxation and rating system, both in the public and private sectors.



The study has key words which will guide in giving a deeper understanding of the study hence they are defined below to give clarity on the meaning of some concepts which are relevant and used in this study. These key words give a basic meaning and relevant terminology used in the study. When conducting a comparative study of this size and complexity, extra care must be taken to ensure that the terminology used in the study is used correctly, understood, and applied consistently. Specific statute and common law terminology may have quite diverse interpretations in various countries, to address that, the following words are used consistently in this study and their key definitions are provided below;

- *“Immovable property”* refers to land, buildings and all permanent fixtures affixed to land that, in some jurisdictions, is generally referred to as “real property” (Norregaard, 2013). In the context of this study immovable properties are regarded as land and anything permanently attached to it.
- *Cadastre-* Barrios et al. (2019); defined it as an official register of the quantity, value and ownership of real estate used in apportioning taxes. There are three types of cadastre namely fiscal, juridical, land use and multipurpose. In this study, it is used to show the extent, value and ownership (basis for use or occupancy) of land.
- *“property/land tax”* refers to a yearly/ monthly tax on the ownership of unimproved or improved land, usually based on the size or value of the land alone, that is omitting all or most of the improvements made to the property (Moore, 2013).
- *Tax/rates Compliance* – Tax/rates compliance refers to the willingness of individuals to abide with tax/rates regulations without enforcement measures used (James and Alley 2012).

The monograph is categorised in five broad chapters delineated below.

CHAPTER 1 - Chapter one proffers in detail the, introduction, background information of the study, the statement of the problem, goal (aim) of the study, objectives of the study, justification of the study and the scope of the study.

CHAPTER 2 - We embody the review of related literature which is relevant to the study. This chapter expounds on the conceptual and theoretical framework of the study. The conceptual framework explores the diagrammatic representation of the model relevant to the study while the theoretical framework expounds meanings of various theories relevant to the study and available literature that explains and give a detailed meaning of each and every objective of this study.

CHAPTER 3 - This chapter explains the methodology of the study, showing the data collection methods and some data analysis methods that were incorporated in the study.

CHAPTER 4 - This chapter proffers in detail an analysis of collected data from the field as guided by the research objectives. The section concludes the study with a summary of the key findings of the research. All the various reasons for the findings are explained in detail to give a clear picture to readers.

CHAPTER 5 - This chapter provides the conclusion and recommendations about the study. The recommendations are proffered to both individuals, and institutional real estate investors, and the government and other relevant stakeholders.

In conclusion, the chapter seeks to introduce the research gap of the property taxation system in low-income neighbourhoods in Zimbabwe. The background to the research, the problem statement, the aim and objectives of the research, research questions, research proposition and research justification or significance have been clearly explained in the text. The next chapter seeks to address the critical concept behind the property taxation system, relevant theories of the study case studies and experiences of property taxation process in low-income areas in both developed and developing countries.

CHAPTER 2: Property Taxation and Rating System in Low-Income Neighbourhoods: A Review

The previous chapter gave a brief discussion concerning the challenges and possibilities of the property taxation and rating in Epworth. This chapter seeks to review literature around the concept of property taxation and rating system in low-income neighbourhoods. It also discusses the key theoretical arguments from diverse literatures demonstrating methodological ways to achieving the study aims, and solutions to research questions raised in the research background section in chapter one. The chapter presents empirical studies from different scholars which are possible on the implementation of various ideas in actual situations being experienced by different stakeholders. The chapter is organised into three major sections: The first section is the conceptual framework, including the definition and fundamental concepts of property taxation and rating system within the scope of the study. The second section is on discussions of key theories applicable to the study. The final section provides details on arguments on relevant literature on each and every objective of the study making reference to international and local case studies. The conclusion section sums up the chapter.

In light of this study, the conceptual framework described in figure 2 shows how land polices, land registration, land records and property taxation/rating system are interrelated to each other. This study seeks to address the problems and possibilities of property taxation and rating system in Epworth because in Zimbabwe there are many low-income neighbourhoods where there are missing land records, land registration, lack of inventory of rights to land and functional property rating and taxation system (Moore, 2013). Since the outcome of land registration is as a result of the establishment of updated land records by developing a land registry/cadastre and issuing titles to the rightful owners to have a functional property taxation and rating system.

As land records are established to save many purposes including property taxation, using records to collect property taxes and rates that will bring more efficient and effectiveness of the property taxation system as an income generating tool for Local Authorities (Nengeze, 2018). The full coverage of information on land enables tax authorities to execute efficiency property

taxation activities to collect more property-based revenues. In contrast, if land records are not correct, complete, updated or shared, their relationship with property taxation and rating system is likely to be broken or a gap is increasingly created between the two concepts as evidenced by the case of Epworth.

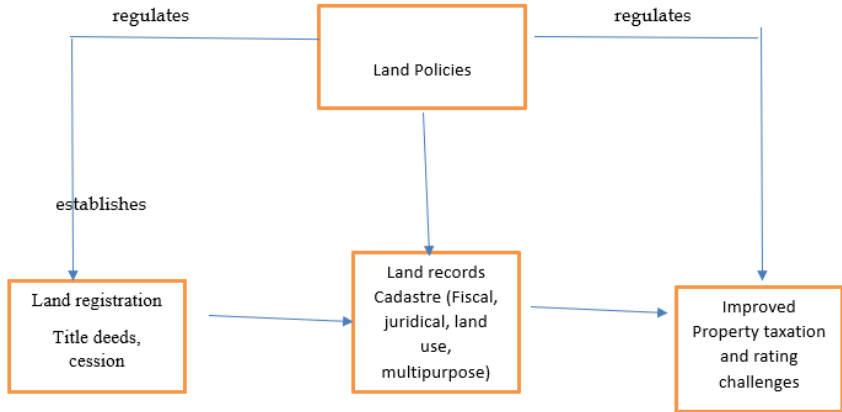


Figure 2: Concept of Improving property taxation and rating system; (Author, 2022)

The property tax is a fine municipal tax however, it is far from ideal because in comparison to the various revenue bases accessible to local governments, it is believing that property tax and rates deserve excellent a proper functional system (McGuire and Dana 2019). The key theories supporting this study includes the traditional tax theory, public choice perspective theory and immovable property taxation theory. These theories explain further the meaning and need of a property taxation and rating system as they have supporting arguments with regards to what, how properties are taxed with the perspective of the public in making decision whether to pay tax or not which helps local authorities to generate more property related revenue.

Due to the public choice strategy for resolving public finance issues, attention has shifted to another aspect of tax systems: their role in encouraging effective decision-making in the public sector. The provision of a precise set of signals, or "tax-prices," that inform local taxpayers and voters about the costs

of public services on which they must make their decisions, is one of a tax system's most crucial roles, according to this paradigm (Monkam and Moore, 2015). This suggests that in a local setting, the local tax system should produce tax bills that are simple to access and give a realistic indication of expenses, so that taxpayers can understand the financial commitment required for planned public expenditure programs. Taxes that are primarily concealed or do not represent the cost of local services are unlikely to give the information required for sound budgetary decisions (Arnold, 2008). If a local government funded its budget with a local company income tax, for instance, citizens would have little knowledge of the total cost of local public services to their houses. Hidden taxes and unidentified tax incidence are not conducive to prudent financial management. This perspective suggests that local property taxes are a dependable source of revenue for local governments (Barrios *et al.*, 2019). Property tax bills are prominently displayed that raises voter knowledge of spending related to municipal initiatives.

Thus, the local property tax appears to perform effectively in its public-choice duty of presenting citizens with a relatively accurate set of tax-prices. However, there is one significant caveat renters. Owner-residents receive frequent property tax bills that show the cost of municipal services to them, whereas occupants of rented properties do not receive such invoices (Bahl, 2009). The current property tax administration sends tax invoices to the owner of the unit, not the resident, thus renters never know the actual amount of property tax charged on their house. This does not, of course, mean that tenants are exempt from paying property taxes (Best *et al.*, 2015) There is reason to suppose that property taxes on rental units are (at some point) passed on to renters. The argument is that renters are not subject to the same conspicuous tax rates as owner-occupants.

Additionally, there is strong evidence that tenants pose as non-payers of local property taxes. They seem to support public spending initiatives considerably more than they would if they owned their own homes and knew exactly how much in property taxes they were responsible for. Further research should be done into how this "renter delusion" affects local government spending (Barrios *et al.*, 2019). If it is large, there may be a strong argument for changing

tax administration such that renters, rather than landlords, get property tax invoices.

As alternatives, two primary tax bases are available: sales taxes and income taxes. Both, however, have significant drawbacks as the principal source of tax collection in a country with numerous tiny local governments (Blochliger, 2015). The basis of a local sales tax is likely to differ significantly amongst local authorities. Residential communities would have tiny bases and would need to establish a somewhat high rate to achieve the necessary income. Significant sales tax differentials would result in costly cross-border excursions as customers sought to acquire products and services in low-tax jurisdictions (Bird and Slack, 2002). Furthermore, sales taxes do not score well on the fairness or ability-to-pay criterion and they fail to meet the public-choice requirement of presenting the people with accurate and visible indications of the costs of public initiatives (Brockmeyer *et al.*, 2020). Although most state and local income taxes are not especially progressive, income taxes have a lot more appeal on equality grounds. They also have the benefit of being visible however, such as sales taxes, face the mobility issue to some level (Bird and Slack, 2002). A jurisdiction that chooses unusually high-income tax rates risks discouraging the admission of new households, particularly those with higher-than-average earnings who would face relatively substantial tax payments.

More broadly, there is something to be argued for avoiding over-reliance on a single tax tool throughout the economy as a whole. Income taxation is the principal source of revenue for the federal and many state governments, and there is growing worry that marginal tax rates on income have become sufficiently high to discourage various types of economic activity (Barrios *et al.*, 2019). By avoiding the substantial use of income taxes and instead focusing on the revenue source that has historically been its own the property tax local government may be able to enhance the overall tax system. User fees that are a form of benefit tax and act as a kind of market test for service supply, are another alluring source of municipal income. The problem is that their applicability is limited. It is possible to charge for the use of some public services, like garbage collection, but it is much more challenging to do so for

collectively used services, like police protection and municipal roads. Fees can be used to fund a limited number of local services, but they cannot be utilised to replace the requirement for a significant local tax.

For local fiscal choice to be meaningful, local citizens must suffer the consequences of their decisions to modify levels of local services. The public must be able to balance the advantages of government initiatives against their costs. Local governments must have their own revenue systems with some control over tax rates for this to happen (Bird and Slack, 2002). With a correctly constructed system of equalising intergovernmental grants, there is certainly some possibility for minimising budgetary discrepancies among jurisdictions. However, the funds should not be so big that they undermine local fiscal sovereignty, and they should be in the form of a lump amount so that municipalities incur the cost of their budgetary decisions on the margin.

There are two groups in the considerable literature on moveable property taxes. The first is focused on the taxes a certain type of real estate, such owner-occupied residences, is subject to over the course of its existence. When compared to other assets and consumer commodities, it highlights the inefficiencies brought about by property taxation in house investment and consumption decisions (Brzeski *et al.*, 2019). The second strand looks at the advantages and disadvantages of a particular tax on immovable property, such as periodic property taxes, at a particular moment in time. The literature assesses taxes in terms of the distortions they cause, their effectiveness and efficiency for economic growth, their equality and fairness, their problems with fiscal federalism, and their barriers to political economy.

Real estate can be developed for investment and use as a business input by a company, for investment and own use by a firm, or for investment and own use by an owner-occupier. According to the optimum tax theory, a variety of taxes would be necessary to cover the many uses of real estate. The task is made more difficult by the possibility of use alterations over time. There are two ways that owner-occupied residences might satisfy their own need such as a home often serves as a household's biggest asset and provides access to a variety of services. If the first viewpoint is accepted, owner-occupied housing should be taxed similarly to other assets to achieve neutral taxation. If the

second viewpoint is accepted, owner-occupied housing should be taxed similarly to other durable consumer goods.

Accordingly, taxing the net return of owning a home would require taxing imputed rent (fictitious rental income) and capital gains from selling the property while allowing for the deduction of costs like depreciation and maintenance costs and interest payments in the case of a debt-financed purchase. This would be necessary for owner-occupied housing to be tax neutral with respect to other assets. In reality, as previously mentioned, the way that housing taxation is currently structured leaves imputed rents and capital gains for primary residences largely untaxed while still allowing for the deduction of mortgage interest. Thus, compared to the efficient level under neutral taxation in the euro area, the user cost of housing capital is cut by about 40%, resulting in an excess consumption of housing services equal to about 30% of financial asset holdings in family portfolios (Fatica and Prammer 2018). If housing is deemed a durable consumer good, it should be liable to VAT. In actuality, most EU members impose a VAT on new building. However, the initial acquisition cost may not be an accurate representation of the stream of services for particularly durable goods like homes. Therefore, an annual tax based on the consumption value of the property is a more effective way to raise money, according to Mirrlees *et al.* (2011). It is applicable to the current housing stock and takes into account changes in the value of housing services. In reality, ongoing property taxes or imputed rent taxation that accurately reflects the property's (consumption) worth would accomplish the task successfully.

Most of the literature on immovable property taxation focuses on one specific type of tax and assesses its merits and drawbacks with respect to i) efficiency and effectiveness considerations, ii) fairness/equity considerations, iii) fiscal federalism considerations and iv) political economy considerations (Duflo, 2017). While property transfer taxes have recently drawn increased attention, particularly as a potential instrument for macro-prudential policy, recurring property taxes on residential property have been the subject of most of the research. Recurrent property taxes have a long history because they are transparent, relatively simple to administer, suitable as a reliable source of income for local governments, and economically efficient (Everest-Phillips,

2009). International organisations like the EU and OECD keep calling for taxes to be changed from labour taxation that causes distortions to property taxation for reasons of efficiency and equity. Indeed, recurrent property taxes are usually found to be among the least detrimental taxes for economic growth (Arnold 2008), while at the same time they respect equity objectives (Courne de *et al.*, 2013).

However, in the majority of the member states, property taxes are sometimes area-based and instead are assessed based on old cadastral values rather than on current market values. While this reduces the possibility of tax-induced underinvestment in housing and also stabilizes member state property tax collections, this very aspect of the property tax system has come under harsh criticism. First, because market changes are not taken into account, the tax has a limited ability to reduce the boom-and-bust cycle of the real estate markets and, as a result, the oscillations in the economy (Everest-Phillips, 2009). The tax is also not regarded as progressive or equitable. Others who have seen a relative increase in wealth due to the market or who now benefit from greater neighbourhood amenities than they did when the cadastral value was established pay the same property tax as people whose property values have remained the same. Since a property tax is not based on current income, it is especially onerous for households with low-incomes and high housing costs, such as senior households (Norregaard, 2013).

To fully realise the theoretical advantages of a recurrent property tax, economists have repeatedly suggested reforms due to the practical shortcomings of the recurrent property tax. Among the most frequently expressed reform necessities is the need to update the tax base to market values to increase the fairness of the tax (Norregaard, 2013; Slack and Bird, 2014; Blochliger, 2015). The problem of equity/distributional concerns might be solved by making the tax system more progressive, for instance by providing low-income households with exemptions or property tax credits depending on their income. Retirement tax breaks would increase older households' capacity to pay their debts (Slack and Bird, 2015). The OECDII has proposed a more radical strategy that would tax immovable property via the income tax system by taxing imputed rents together with other types of income.

Although there are numerous reform suggestions, there have only been a few numbers of significant recurring property tax reforms. Political economy concerns and fiscal federalism frameworks are two potential causes of this. Any change to the property tax design may necessitate changing the intergovernmental transfer schemes because recurrent property taxes are typically devolved to sub-central governments (Blochliger, 2015; Norregaard, 2013). The property tax remains a presumptive tax, based on projected (market) values, even if a well-structured reform allayed some political economy concerns, such as perceived regressivity and injustice owing to outdated market values or problems for households with little liquidity. Any change would produce winners and losers since property taxes are capitalized into property values; often, losers are more vociferous, leading to "tax revolts" (Blochliger, 2015). Slack and Bird (2014) addressed the lack of support for property tax reforms by arguing that political factors frequently take precedence over economic principles, favoring stability above equality and efficiency.

The key theories that have been discussed in this study are Public Choice theory, alternative tax theory and immovable property taxation theory. These theories are important since they highlighted that any economy depends on taxes to function properly, as taxes typically generate the vast majority of the revenue that a government can use. It typically calls for a variety of crucial abilities, such as the ability to interpret and analyse legal documents, perform calculations, and give counsel (Blochliger, 2015). Taxation is a necessary part of government function because without them, it is impossible for them to advance the general welfare and well-being of the population in the country. The goal of conducting tax research is to assist you in accurately defining the tax impact or effect of various tax positions. The outcomes assist business and/or clients in making wise choices regarding tax compliance, planning, and strategies.

As described by the theories taxation involves the collecting of levies, taxes, or charges from citizens, businesses, or other entities that are considered taxable under the laws and regulations by a revenue body. Within the boundaries of a country, state, or area, taxes have an impact on the majority of people in the globe. A third viewpoint holds that taxes are costs incurred by citizens to make claims against the state, contrary to claims made by some

that taxation is theft by the state and that it is a moral obligation (Pomeranz and Vila-Belda, 2019). These theories indicate that taxpayers are responsible for paying taxes on their income, their consumption, and the goods they create or transport. In addition to serving a fiscal function, taxes may also be used to distribute resources throughout society, redistribute income, and level out economic instability to solve concerns with inflation, unemployment, and economic growth (Oliviero *et al.*, 2019). Most social sciences have performed research on taxes and theories explained that legal expert's changes to the law, economists focus on the economic effects of taxes within the parameters of models, accountants organise and measure taxes, and behavioural economists and psychologists try to forecast human behaviour in tax experimentation (Fatica, and Prammer, 2018).

Besides that, the public choice theory provides a clear understanding of fiscal procedures has increased as a result taxes have long needed a critical viewpoint on its effects on people, its social influence, and how it is moulded by culture (Oliviero *et al.*, 2019). Additionally, these theories show how subjects of taxes residents, enterprises, communities, and societies negotiate their connection to the state and to other beneficiaries by their perspective on and practices of taxing. Also alternative tax theory focused on the collecting side of taxes that offers a diverse setting for concerns like governance, policymaking, and digitization. The function of tax advisors, who frequently counsel individuals on tax reduction, also raises questions about their complex relationship with society (Pomeranz and Vila-Belda, 2019). Through the concepts of social contract, governance, fiscal citizenship, reciprocity, and redistribution, anthropologists may clarify and demonstrate the relationships that taxes create between different parties (Barrios *et al.*, 2019).

According to Youngman and Malme (1994), the phrase "property taxation" refers to the far more comprehensive system for taxing land and structures. Taxes on tangible personal property, such as inventory, vehicles, and company equipment, are often referred to as the. A yearly tax on the ownership or use of immovable property (such as land and/or buildings) is known as property tax (Hill and Hill, 2005). Property rating is distinctive because it enables local governments to choose the amount of desired income and then divide this among all eligible taxpayers using a locally calculated

rate impost, according to Emeny and Wilks (1984). According to Mikessel (2003), the fact that property taxes are dependable, stable, and independent of municipal authorities provides them several benefits over alternative types of local governance. Examples of property taxes listed by Franzsen (2003) include property rates, rent income tax, stamp duty, gift tax, inheritance tax, capital gains tax, and other levy types based on the proceeds from the sale of real estate (Franzsen, 2003).

In America, property tax is the oldest tax and the only significant tax on landed wealth, a significant portion of most American households' housing expenses, and the most important income source for local governments (Norregaard, 2013). It is also becoming increasingly constrained by state legislation, charges for communal land, also known as the development levy, are imposed on them based either on the value of the land or on a per-person basis. Zimbabwe's property tax system is as diverse as its local government structure and there are now four types of property taxes in effect these include urban rates, rural rates, additional charges, and community land rates (Fatica, and Prammer, 2018). Urban rates are value-based taxes levied on land and improvements in urban council districts, and designated land in rural council areas. Rural rates, also known as the Land Development Levy, are area-based taxes that apply to rural land. Supplementary charges are levied on users of immovable property in any incorporated area and may be assessed based on property value or size at the discretion of the appropriate local council (Slack and Bird, 2014).

The historical background of property taxation has existed in various forms since civilization as source of wealth on land and its proceeds and before the existence of a monetary system, taxes were paid by a percentage of crops raised (Poghosyan, 2016). The phrases "tax assessor" and "tax collector" are sometimes used interchangeably since historically, the tax assessor and collector were basically the same person (Webster, 2019). Some of the most common forms of taxation over the years have been poll taxes, commodities tariffs, and property taxes on the value of land, buildings, and other personal property. The remainder of the ancient world, including Egypt, Babylon, Persia, China, used property taxes (Pomeranz and Vila-Belda, 2019). The primary objectives of early property taxes were land and its productive value. All personal property, including buildings, land, and animals, were valued

using a general property tax. All personal property, including intangible assets, and ownership, quantity, and sorts of animals were accurately recorded by the assessors. Voters instructed the town council to publish and disseminate a comprehensive list of all taxpayers, together with the amount and basis of their taxes, during an early town meeting (Pomeranz and Vila-Belda, 2019). Property taxes have been a significant source of income for most governments since the dawn of civilisation. Taxes are what we pay for a civilized society, according to Peter Brown and Moira Hepworth's observation from 2000: "There have been good taxation policies created by admirable assessors during Roman emperors.

In the 21st century the modern assessors are mandated to develop more fair and accurate assessments than most of our predecessors, the pressure to have a fair property tax system has always existed (Poghosyan, 2016). It is not enough to have an equitable tax system; the taxpayers need to under fair and equitable. The tools for everyday decisions have significant consequences on residential and commercial taxpayers (Oates and Wallace, 2018). There is need to have a balanced view that considers obligations to both the taxpayers and their jurisdictions and people make the difference in making the system better or worse (Oliviero *et al.*, 2019). The best means to develop an understanding of improvements in assessing is to pursue education of the property taxation system. One of the earliest and most prevalent types of taxation is property tax, also known as property rate, land value tax, land tax, or real estate tax. According to Dye and England (2009), it is as old as civilization and aided in the expansion of the Egyptian and Roman Empires.

The purchase of immovable property is subject to a property transfer tax in almost all European Union members and some of the applicable property taxes are shown in Figure 3. Property tax is usually based on a stock, namely the value of the property, typically measured by the transaction price (Poghosyan, 2016). The maximum statutory tax rates reach up to 12.5% of the transaction price in Belgium, with various exemptions and deductions for first time buyers, permanent residences or small/inexpensive property (Oliviero *et al.*, 2019). New buildings are subject to VAT based on the transaction price in most EU member states that sometimes replace (low) property transfer taxes. In addition, all EU member states levy some kind of

stamp duty linked to the legal recognition of the immovable property transfer and its registration (Slack and Bird, 2014).

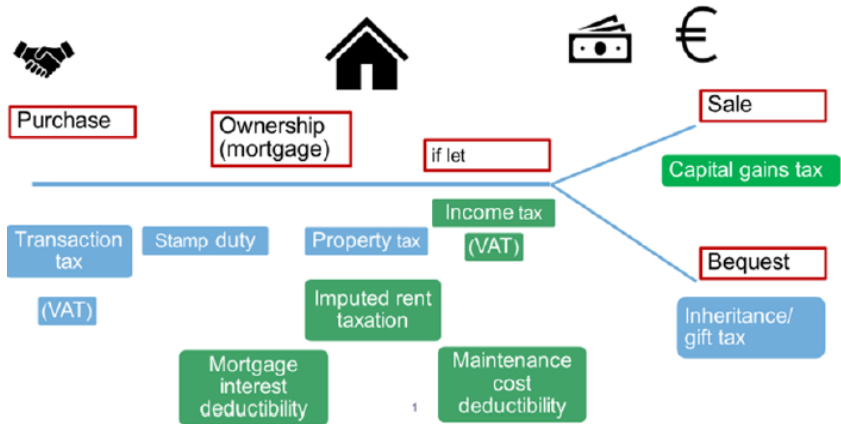


Figure 3: Taxation of immovable properties; Source: (Poghosyan, 2016).

Besides that, if the owner rents out the property and earns actual rental income, the case for a tax on the actual flow of rental income is clear cut. This income is subject to some kind of income taxation in Zimbabwe and other countries. If a private purchase of the immovable property is financed by a mortgage, mortgage interest rates are at least partially deductible as cost associated with the purchase of the property (Johannesson-Linden and Gayer, 2012; Fatica and Prammer, 2018). The sale of the immovable property is generally subject to a capital gains tax, where the difference between the sale and the overall purchase price is taxed in almost of countries as it is regarded as the major income stream of local authorities (Moore 2004; Fatica and Prammer, 2018). At the same time, those member states which tax the profits, allow for generous exemptions for the main residence. In Zimbabwe, capital gains on the first sell of the property, also being a resident, also if you are above the age of 55years ones is liable to tax exempt subject to a minimum time of tenure (2-5 years) or provided that the capital gains are reinvested in the acquisition of a new main residence (Fatica and Prammer, 2018). If immovable property is transferred charge-free in the case of an inheritance or gift, the transfer is subject to inheritance/gift capital gains tax is also exempted. Even if a country does not apply a general inheritance/gift tax, the

cost-free transfer of immovable property might still be subject to taxation (Slack and Bird, 2014).

One of the earliest types of taxes is the tax on land. Urban councils often rely on user fees (for services like housing, water, sewerage, and trash) and property taxes, sometimes known as rates, for the majority of their funding. Therefore, the efficient collection of land taxes is essential to the continued existence of cities. Taxation can be used to reclaim funds used for urban service finance and infrastructure development (Chirisa, 2013). Unless land taxes are avoided, cities are falling farther behind in providing for their steadily expanding populations (Brunori, 2004). As a result, taxation has replaced other traditional means of funding local government in today's cities. When evaluating any type of taxes, it is vital to consider five factors: equality, economic efficiency, administrative feasibility, yield, and political acceptability (Afrodad, 2011). The patterns of land use and development may be significantly impacted by these parameters, directly or indirectly. This is due to the fact that various tax rates on land and buildings can have the same impact that is a high tax on land discourages growth and a lower effective rate on land compared to buildings can aid in the preservation of green spaces around urban centres (Sirken, 2018). More specifically, the worth of the property and the improvements done thereon determines the taxes that urban governments collect.

Racial tensions have been shown to have diminished over time. This may be somewhat explained by the fact that some white people left the nation, initially because they detested living under a black administration and then because of the socioeconomic hardships brought on by the same government (Chirisa, 2013). A significant number of black people gradually ascended the social mobility and political ladder to reach the middle class or wealthy status. As a result, many of them have purchased homes in the suburbs that were formerly exclusively for white people. Additionally, this has led to a social divide in metropolitan areas that is now evident along lines of wealth (Brunori, 2004). After the destruction of the poor's homes in low-income residential areas in 2005, the number of the poor moving into wealthy neighbourhoods to live in now-rented housing in the former servants' quarters significantly increased, possibly motivated by some fraternizing appreciation of fellow Africans or by a desire to earn a living and maintain a

high-class status in society (Afrodad, 2011). In general, middle-class or wealthy neighbourhoods are highly costly to live in. Low-income residential owners must also pay supplemental fees, while the space is taxed in the form of rateable charges called rates (Chirisa, 2013). As a matter of principle, renting out space in high- and middle-class residential areas is a way to supplement the income that is used to pay property taxes.

In Zimbabwe, the local government taxation system comprises, among other things, the collection of money through rates, rentals, license fees, service fees, and parking fees. In addition to property taxes, Zimbabwe also uses licenses (for trade, hawking, practicing, etc.), rates, rentals, and levies as forms of taxation (Sirken, 2018). However, this is insufficient to cover the costs of the services they are supposed to offer. It is necessary to find more funding that can only come from taxes or grants from the federal government (Chirisa 2013). The establishment and operation of local authorities are governed by the Urban Councils Act (Chapter 29:15) and the Rural District Councils Act (Chapter 29:13). Urban areas in Zimbabwe are divided into industrial, commercial, and residential districts. These various locations are subject to distinct taxing regimes. According to the Urban Councils Act, the valuation of properties prepares the way for the collection of rates and mentions the worth of land and improvements (Sirken, 2018). Sewage, housing, and water fees are examples of user fees that are required for the repayment of capital-related loans. There are internal financing options available. Section 290 of the Urban Councils Act also authorises short-term loans from banks and building societies in addition to the grants, loans, and overdrafts already stated from the federal government and contributors (EEA, 2012). The sources, however, lost some of their importance to urban finance as a result of the economy's fall starting in the middle of the 1990s. Taxation by local governments and other means of income production, such as parking meters and beer halls, complement one another (Chirisa, 2013).

The analysis has shown that the state ultimately owns the land. This justifies charging the state a fee that is in the form of various taxes. The criteria for "extracting" the land tax are based on the land's use (residential, commercial, institutional, or otherwise), size, and type of development currently taking place (Chirisa, 2013). A tax is classified as either residential or non-residential under the Urban Councils Act. Residential buildings are those that are

occupied by inhabitants for residential use and are defined by zoning, town planning schemes, and local plans that specify the minimum stand sizes of the relevant locations (Brunori, 2004). The local government is in charge of determining the value of the land. This is typically the same throughout a region (EEA, 2012). This uniformity can be explained by the fact that various areas typically share a location or have similar average land sizes. The local government defines the prospective yield and bases the land charges or prices to be imposed on it, paying attention to the zoning requirements (Adamišin and Tej, 2012). Minimum stand sizes are established based on zoning. One minimum stand size is equivalent to one unit that is the term used to describe the minimum stand size. Larger stands will cover the cost of the additional units they get. The fee is typically determined by how much money the local government wants to raise in a particular area. Typically, only the land is charged for residential areas; no improvements are included for the rating processes as its value is contained in the land, this means that the zoning does not consider the market value of the property for the rating process of residential properties (Chirisa, 2013).

On the other hand, correct assessment is done for non-residential land uses, such as industrial, commercial, churches, crèches, service stations, hotels, government buildings, and flats (the latter of which is taken into account due to its commercial element). Land and improvements on land are included in the appraisal (Adamišin and Tej, 2012). The City Treasury Office will see to it that the billing is done correctly. The units are created by the valuation team, and the fee is calculated based on the financial worth of the improvements and land. Despite working independently, the treasury and valuers complement one another's efforts by helping to generate revenue from improvements and land (Brunori, 2004). After appraisal, land and improvements fall within Harare's and the rest of the nation's jurisdiction for urban taxation. Because the rate is a proportion of the building valuation, valuation determines the rate (taxes), and taxation in Harare is thus determined as a percentage of the building (EEA, 2012).

Therefore, there is no tax if a property has no worth. Various valuation techniques, including the investment method, comparison approach, and profit method, are used. Diverse contexts call for different uses of the methods (Adamišin and Tej, 2012). Overall, there are connections between planning,

valuation, and the treasury. The first action that puts everything in motion and serves as the framework for the other two is planning (Afrodad, 2011). It provides for the physical environment's disposition. Planning produces land uses that are then divided into residential and non-residential categories using zoning, the bulk factor, usage, and location. Due to these considerations, multiple valuation models may be utilised depending on whether the property is residential (thus the comparative value approach) or non-residential (hence the ability to apply investment and profit models, among others). The municipal treasury then steps in to get the values provided by the valuers and multiplies these values using its own ratios and predetermined multipliers to determine the rates to be levied against users (Brunori, 2004). Planning determines the size factor, use, location, and position of the land and building artefacts.

Property taxes are generally levied on all types of properties residential, commercial, and industrial, and on farm properties (Piracha, and Moore, 2015). Sometimes certain classes of property, or property owner, or uses of property, are exempt and sometimes land only is taxed. The first discussion of the question of taxing land vs. land and improvements and then consider exemptions.

Some countries tax only land and a few tax only buildings, most tax both land and buildings or improvements, usually together but in some separately and some also tax even machinery (McCuskey and Franzsen, 2016). In most of the countries studied, the property tax is levied on land and improvements. In some countries, however, only the land portion of the property is taxed (Slack and Bird, 2014). In Tanzania, unusually, only buildings are taxed. In countries where both land and improvements are taxed, the land portion is sometimes taxed more heavily than improvements (Duflo, 2017). As mentioned earlier, the taxation of land only potentially may improve the efficiency of land use. In principle, a tax on site value in effect taxes location rents (the returns from a particular location regardless of the improvements to the site). Since improvements to land (such as structures) are not taxed, the owner has an incentive to develop the land to its most profitable use (McCuskey and Franzsen, 2016). Compared to a property tax on land and buildings that discourages investment in property, a site value tax thus encourages building and improvements.

Assuming land is in fixed supply (the supply of land offered for development is unresponsive to price changes), a tax on land falls on landowners and cannot be shifted to others. Increased site value taxes will thus be capitalized into lower property values (Duflo, 2017). Since the tax is borne proportionately more by owners of land than is the case with a tax on both land and improvements and since landownership is unequally distributed, such a tax should be more progressive (borne relatively more heavily by high-income taxpayers than low-income taxpayers) (Everest-Phillips, 2009). Site value taxation thus scores well in terms of both efficiency and equity of the property taxation system but it requires lot of administrative works in updating all land related records. Accurate land valuation presents a challenge to assessors because most urban real estate sales combine the value of land and improvements (Fatica and Prammer, 2018). Site value taxation requires the subtraction of the value of the improvements from the value of the property as a whole to derive an assessed value for the land. For this reason, some consider that such taxation is unacceptably arbitrary.

On the other hand, some authors have argued that valuation of land alone is probably easier than valuation of property (Fatica and Prammer, 2018; Netzer, 1998). Instead of assessing the value of land and improvements and then subtracting the value of improvements, site values per square meter could, it is argued, be estimated directly from sales and demolition records. This debate has not been resolved in the literature with respect to developed countries. But it must be remembered that the original arguments for site value taxation by George (1879) were made in a context in which cities such as San Francisco were growing rapidly where land that was worthless one day was worth a fortune the next owing to the influx of population. Along these lines, it has sometimes been suggested that valuing land separately may be less of a problem in developing countries in which urban areas are growing rapidly (Bahl, 1998). In many such countries, land and improvements are in practice assessed separately in any case, with land value being estimated on the basis of a land value map and building value in accordance with construction cost tables.

Moreover, even if assessment is done separately, if the rate is uniform and taxpayers can only appeal the total value, however, the division between the two components becomes arbitrary. Another problem has to do with the

potential revenues that can be collected from a site value tax (Fischel, 2016). Since the tax base is considerably smaller than the value of land and improvements combined, site value taxation can only produce comparable revenues at very high rates of tax (Fatica and Prammer, 2018). This is a problem both because higher rates create greater distortions and because it is likely to be politically easier to levy a lower property tax rate on land and improvements than a higher tax rate on the land portion only (Bahl, 1998).

As discussed in the in the text some properties are exempt from the property tax base. Exemptions may be based on various factors such as ownership (such as government-owned property), the use of the property (such as properties used for charitable purposes), or on characteristics of the owner or occupier (Fischel, 2016). In some countries, exemptions are granted by the central or state government; in other countries, exemptions are granted locally; in some, both levels can grant exemptions. Although there is great diversity in the use of exemptions, some properties are exempt in most jurisdictions. For example, property owned and occupied by government is generally exempt from property taxes. Other property types that are often exempt include colleges and universities, churches and cemeteries, public hospitals, charitable institutions, public roads, parks, schools, libraries, foreign embassies, and property owned by international organisations (Fischel, 2016). In some countries, agricultural land and principal residences are also tax exempt and, in some instances, governments make payments in lieu of taxes on their properties (Pomeranz and Vila-Belda, 2019). These payments in lieu are generally negotiated between governments and are often much less than the property taxes would be. In Canada, for example, it is the federal government, and not the taxing authority that determines the values and rates to be used in the payment in lieu calculation.

Exemptions have been criticised on a number of grounds. First, to the extent that people working in government buildings or institutions use municipal services just as workers do in other buildings, they should be taxed (Bahl and Linn, 1992, p.100). The differential treatment means that owners/managers in payment in lieu or taxed properties face higher costs than owners/managers of exempt properties. This differential will have implications for economic competition among businesses and between businesses and government (Kitchen and Vaillancourt, 1990). The differential tax treatment affects

location decisions, choices about what activities to undertake, and other economic decisions. In any case, when property tax exemptions are granted for any reason, all exempt property should nevertheless be assessed in the same way as other properties so that the value of the exemption is known (Fischel, 2016). Furthermore, payments in lieu of taxes should be based on the assessed value and should reflect the taxes that could have been collected. Only when this is done which is almost never the case in practice will the full cost of land use for a particular purpose be taken into account in resource allocation decisions.

Once the taxable base has been determined, the next step is to determine the value to which the tax rate is to be applied. In general, two distinct assessment methodologies are used for property taxation: area-based assessment and value-based assessment, with the latter being divided into capital and rental value approaches (Youngman and Malme, 1994; McCluskey, 1999). In addition, some countries use a system of self-assessment which is shown by figure 4 below.

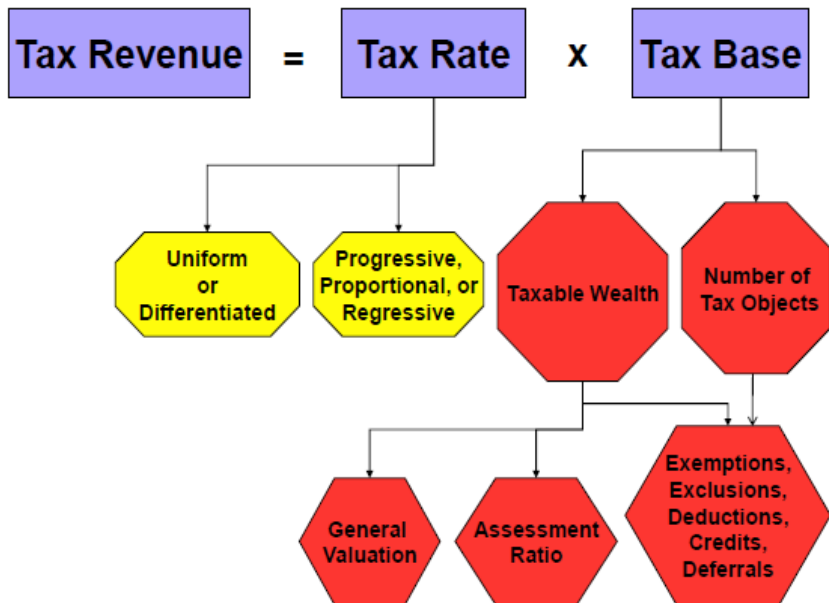


Figure 4: Property Tax Assessment: Source (Franzsen, 2007)

Under an area-based assessment system, a charge is levied per square meter of land area, per square meter of building (or sometimes “usable” space), or some combination of the two. Where measures of area are used for both land and buildings, the assessment of the property is the sum of an assessment rate per square meter multiplied by the size of the land parcel and an assessment rate per square meter multiplied by the size of the building (Goodfellow, 2015). The assessment rates may be the same for land and buildings, or they may be different. For example, a lower unit value per square meter might be applied to buildings to encourage development. Hamilton (2019) noted that a strict per unit assessment results in a tax liability that is directly related to the size of the land and buildings. With unit value assessment, the assessment rate per square foot is adjusted to reflect location, quality of the structure, or other factors (Johannesson-Linden, and Gayer, 2012). Market value has an indirect influence on the assessment base through the application of adjustment factors. For example, the assessment rate per square meter might be adjusted to reflect the location of the property within a particular zone in the city.

Although the specific location of the property within the zone is not taken into account, properties in different zones will have different values. The adjustment factors are derived from average values for groups of properties within each zone and do not reflect the characteristics of each individual property (Johannesson-Linden and Gayer, 2012). When the groups are defined narrowly enough, however, unit value begins to approximate market value. For example, a zone could be defined anywhere from an entire city to specific neighbourhoods to properties on one side of a street. Another, widespread, example of unit-value assessment is in the assessment of agricultural land. In many countries, farm property is assessed at so much per square meter, with the unit value varying with the location (region, accessibility to markets), fertility (irrigation, climatic conditions, soil conditions, hilliness), and sometimes with the crops grown (Weigel, 2020). Such values are sometimes established on the basis of detailed cadastral studies, and sometimes on the basis of sales data on comparable property (Keen and Slemrod 2017). In practice, the values for agricultural land often seem, like other presumptive tax bases, to be established on the low side, in part to avoid excessive protest and appeal.

Market value (or capital value) assessment estimates the value that the market places on individual properties. Market value is defined as the price that would be struck between a willing buyer and a willing seller in an arm's length transaction (Weigel, 2020). The following methods are used to estimate market value: The comparable sales approach looks at valid sales of properties that are similar to the property being assessed (Webster, 2019). It is used when the market is active and similar properties are being sold. The depreciated cost approach values the property by estimating the land value as if it were vacant and adding the cost of replacing the buildings and other improvements to that value. The cost approach is used when the property is relatively new, there are no comparable sales, and the improvements are relatively unique. The cost approach is also normally used to assess industrial properties. Under the income approach, the assessor estimates the potential gross rental income the property could produce and deducts operating expenditures (Webster, 2019). The resulting annual net operating income is converted to a capital value using a capitalization rate. This approach is used mainly for properties with actual rental income.

Market value assessment is used in all the OECD countries studied, and number of others including Indonesia, Philippines, South Africa, Latvia, Argentina, and Mexico. A variation of the market value approach is used in the United Kingdom as noted by Sahari *et al* (2021). Under the British council tax, the value of each residential property is assessed and placed on a valuation list in one of eight valuation bands. The value assigned to each property only indicates the valuation band and not the actual value of the property (Slack and Bird, 2015). Any change in value because of a change in house prices generally does not affect the banding. Individual properties could be re-banded only under two circumstances: if the local area changes for the worse, all homes in the area may be placed into a lower band (Fischel, 2016). If a house is expanded, it will be re-banded only after it is sold; if a home decreases in value because part of it is demolished, it may be re-banded immediately.

Assessing the tax base using an area-based assessment depends on how the tax base is determined, the equity argument with property tax may or may not be valid. Since market value reflects the benefits of local services

supported by the tax, it is generally thought to be more equitable to use market value to determine the tax base than alternative methods like area-based assessment (Oliviero *et al.*, 2019). When determining a property's dimension using an area-based assessment, for instance, the owner may benefit more from having a property close to public parks or important transportation hubs. In general, valuation of properties that does not capture the real value of the property may result in differences in the effective tax rates across properties and hence becomes inequitable (Slack and Bird, 2015). Table 1 summarises the advantages and disadvantages of the two widely used valuation methods.

Table 1: Comparison between two commonly used property assessment methods (Slack and Bird, 2015)

Market-based assessment	Area-based assessment
The benefits from local services financed by the tax can be reflected in property values and help promote accountability and transparency among local officials.	Cannot reflect benefits from local services, and hence it may become difficult to create transparency and accountability among local officials.
Is more equitable since it takes into account the differences in the quality of buildings and locations.	Cannot capture differences in the quality of buildings and locations.
Promotes vertical equity by taxing more high-income households who are more likely to live in high-value neighborhoods.	Is less equitable and may result in larger tax burden on low-income taxpayers than high-income taxpayers.
Can take into account the change in the relative value of the property over time.	Cannot take into account the change in the relative value of the property over time.
Volatile, as market value of properties change over time.	Less volatile as the assessment does not depend on market value.
Difficult to undertake and more expensive to administer.	Easier to undertake and cheaper to administer.

Under the rental value (or annual value) approach, property is assessed according to estimated (not actual) rental value or net rent. One rationale for using rental value is that taxes are paid from income (a flow) rather than from wealth (a stock) and thus it is appropriate to tax the net rental value of real property (Slemrod and Gillitzer, 2013). In theory, however, there should be no difference between a tax on market value and a tax on rental value. When a property is put to its highest and best use and is expected to continue to do so, rental value will bear a predictable relationship to market value the

discounted net stream of net rental payments will be approximately equal to market value (Oates and Wallace, 2018). This relationship does not always hold, however. First, gross rents are often used rather than the economically relevant “net” rents that build in an allowance for maintenance expenditures, insurance costs, and other expenses. Second, most countries tend to assess rental value on the basis of current use (Nengeze, 2018). There can thus be an important difference between market value and rental value.

A property that is under-utilised that is, currently used for a purpose less productive than other possible uses would be assessed much lower under the rental value approach than under the market value approach (Oates and Wallace, 2018). From a land use perspective, a tax based on value in highest and best use is more efficient than a tax based on current use because it stimulates use to its highest potential by increasing the cost of holding unused or under-used land (as compared to developed land). There are some problems with the use of rental value assessment. First, it is difficult to estimate rental value when there is rent control (Mirrlees *et al.*, 2011; Nengeze, 2018). Controlled or subsidized rents cannot be directly used to assess market rents unless the majority of properties are rent controlled. By assigning properties to broad categories rather than assigning a taxable value to each one, the council tax achieves simplicity and stability at the price of accuracy (Mirrlees *et al.*, 2011). Furthermore, because the council tax uses an estimate of market value at a particular point in time and then freezes assessments for the foreseeable future, it will have the same implications as any out-of-date assessment system: inequities will increase over time.

This has been an important problem in India, as discussed in that case study. Second, because vacant land is not taxable under a tax based on rental value in current use (since there is no current use!), an incentive is created in favour of low return uses over high return uses and to withhold rental properties from the market altogether (Nengeze, 2018; McGuire and Dana, 2019). If vacant properties are not taxed, the tax has to be higher on occupied properties to yield the same amount of revenue. These higher taxes further discourage investment. In terms of the administration of the tax, there are some additional difficulties with using rental value (Netzer, 2016). First, rental value is difficult to estimate because there is not much information on

the annual rent of comparable properties for unique commercial and industrial properties such as steel mills, for example, it is difficult to calculate net rents because the distribution of expenses between landlords and tenants differs for different properties

Where it is possible to use market value, it is generally regarded as a better tax base. First, the benefits from services are more closely reflected in property values than in the size of the property (McGuire and Dana; 2019). For example, properties close to transit systems or parks enjoy higher property values. The benefits from these services are not reflected in the dimensions of the property but rather in the value of the property. Even those services where the benefits may relate more closely to property dimensions (such as sidewalks and street lighting, for example) are related more to front footage than to lot size or building size (Hamilton, 2019).

As noted above, if rental value were based on highest and best use, then vacant land would be taxable; the value would have to be estimated on the basis of other properties. Even if rental value were based on current use, it might be possible to assign a non-zero value to vacant land (Keen and Slemrod, 2017). Second, market value has the advantage of capturing the amenities of the neighbourhood, amenities that have often been created by government expenditures and policies (Martinez-Vazquez and Youngman, 2008). Area based assessments (particularly unit assessment) are unlikely to capture these amenities because they do not take into account differences in the quality of buildings nor their location. Consider, for example, the taxes paid by two properties of identical size and age but in different locations. Specifically, one is located next to a park; the other is adjacent to a factory. Under an area-based assessment system, both properties would be levied the same property tax (Kellam and Kew, 2004). Under a value-based assessment system, the property next to the park would pay higher property taxes. In this example, area-based assessments would not be fair.

Besides that, area-based assessment results in a relatively greater burden on low-income taxpayers than high-income taxpayers when compared to value-based assessment. The reason is that average household incomes in high-value neighbourhoods are higher than in low-value neighbourhoods. A tax on area taxes all properties that are the same size the same amount, whether they are

in high-income or low-income neighbourhoods (Kellam and Kew, 2004; Goodfellow, 2015). Similarly, older houses in a bad state of repair but with a large floor area will pay relatively high taxes. Furthermore, if a relatively poor neighbourhood becomes richer, there would be no relative tax change. A tax system that fails to take account of changes in relative values over time will result in inequities (Goodfellow, 2015). If one value per square meter is chosen for all single-family homes, for example, and relative property values change over time as some locations become more desirable over time, then over a period of years if the value per square meter is not changed, inequities in the assessment system will result (Keen and Slemrod, 2017; Hamilton, 2019). One advantage often attributed to unit value assessment is that property taxes on this basis tend to be less volatile than under market value assessment because they do not change when property values change. As just noted, this “advantage” can equally be argued to be a disadvantage, exacerbating inequities.

Unit value assessment is easier to understand and cheaper to administer than value-based assessments. This is particularly true where the real estate market is not well developed, as in many developing and transition countries (Slack and Bird, 2015). However, although unit value may be easier to administer for single-family residential properties, it is difficult to use for multi-residential rental, residential condominium, commercial, and industrial properties (Hamilton, 2019). One problem is what to include for tax purposes. For example, there is the question of whether spaces such as atrium floors, servicing shafts, and elevator spaces should be taxed even though they have no revenue-producing space (Duflo, 2017). There are issues about whether to include structural elements (such as decorative beams) that project outside of the glass line, as is the case with some office towers.

Another problem is how to allocate shared facilities such as common entrances, halls, exits, aisles, atria or malls, among owners/tenants. For example, common areas can be shared on the basis of the size of each unit relative to the total, the rent charged to each unit, or some other measure (Duflo, 2017). A third problem in market economies has been the tendency towards the proliferation of multipliers that are applied to the area of improved property to reflect the relative differences in value. In the Netherlands, for example, the system became so complex that it was

abandoned because the extent of zones is defined more narrowly over time, unit value assessment can easily evolve into something very like a market value system (Youngman and Malme, 2014; Duflo, 2017). It may well be, for example, that this process or something like it will occur in the numerous transition countries currently employing some variant of area-based assessment as a natural outcome of the information on building and land sizes recorded in the records of the old central planning systems.

Self-assessment requires property owners to place an assessed value on their own property. In Hungary, for example, the current local tax system is based on the principle of self-identification. Taxpayers are obliged to register and report their tax obligations to the local tax administration (Courne de *et al.*, 2013). The verification for the tax on buildings and tax on idle land in Hungary requires verification only of the property size and not its market value. In practice, the responsibility of self-registration is not particularly effective because not all owners comply (Brzeski *et al.*, 2014). Consequently, the number of potential taxpayers or taxable assets is generally unknown. The determination of tax liabilities also requires verification of the self-assessment submitted by the taxpayer. The lack of personnel to make field inspections of each property in Hungary means that verification is inadequate. The rental value tax on housing in Tunisia is based on the number of square meters (Best *et al.*, 2015). Taxpayers are required to submit a self-declaration form. Some municipalities verify the declared square meters against existing information, for example from the roll for the rental value tax that existed before 1997, but most municipalities do not (Bahl, 2009).

In Thailand, self-declaration of property owners is made to local assessors who assess the self-declared value and identification in terms of how well it matches their data (Fischel, 2016). Self-declaration of properties by landowners is also required in the Philippines, once every three years. The local assessor then prepares the assessment roll. Where properties are assessed at market value and there is self-assessment, the taxing authority in some countries has the right to buy the property at the assessed value (Fischel, 2016). A system where the taxing authority can buy the property will only be credible if it can and Taiwan is an example (Youngman and

Malme, 1994). This idea is an old one, used in Australia in the 19th century, for example, as noted by Bird *et al.* (2002)..

A recent proposal along similar lines is that people should assess their own properties and then make them public (Tanzi, 2001). Anyone who wanted to buy their property at a price that exceeded the declared price, by some margin such as 40 percent, could make an offer. If the owner refused the offer, the bid plus a penalty would become the new assessment. Although appealing to economists and frequently recommended in the past, such ideas on closer examination seem much less attractive on a number of grounds (Holland and Vaughan, 2017) and have not proven acceptable in practice anywhere. Nonetheless, self-assessment is an appealing procedure to poor countries with little administrative capacity (Arnold, 2008). It does not require assessment staff, and it appears to be easy to implement. In some cases, such as Bogota, it has at times appeared to be relatively successful.

To minimise the obvious problems of understatement associated with any self-assessment system, however, the government has to be prepared to obtain expert assessments of individual properties in cases where it believes self-assessment is inaccurate (Chirisa, 2013). As is usually the case with taxation, there is, in the end, no easy way to get people to tax themselves in the absence of a credible verification process, and expert assessments of course significantly increase the cost of collecting the tax (Arnold, 2008). Self-assessment can lead to inaccurate estimates of property values with a tendency toward underestimation. It violates the principle of fairness on the basis of ability to pay because people with comparable properties will not necessarily pay comparable taxes (Bird and Slack, 2002; Blochliger, 2015). Generally lower-valued properties have a lower rate of underestimation than do higher valued properties, making this assessment approach regressive (taxes are relatively higher on low-valued properties). Under-estimation also obviously erodes the size of the tax base with the usual detrimental effects on tax rates and/or on service levels (Duflo, 2017).

The initial reasons for poor revenue contribution of property tax in developing countries. One of the reasons for the poor revenue contribution of property tax in developing countries is low-level of fiscal decentralisation

(Duflo, 2017). In principle, local government authorities are likely to collect property tax more efficiently than central governments because they can more easily oversee local residents, have better information about their assets, and monitor their compliance (Slack and Bird, 2015). However, property tax collection is often poor also in countries with a more decentralised system of revenue collection and some of the challenges are summarised in Box 1.

One of the most fundamental barriers to effective property taxation is the sustained resistance it faces from property-owning elites, who form a powerful lobby that can block both policy reform and effective implementation (Brockmeyer *et al.*, 2020). This is a particular problem in large capital cities, where resources are concentrated and political and economic elites tend to be closely bound together. Indeed, in such cities, where bureaucratic capacity to overcome some of the administrative challenges is likely to be higher than elsewhere, elite resistance may form the primary obstacle (Blochliger, 2015). Other reasons for the poor revenue contribution of property tax in developing countries are the generally poor property taxation administration, weak enforcement and taxpayers' attitude.

Taxpayers' attitude towards property tax are often unpopular among taxpayers in developing countries due to a number of reasons. Tax that is levied on the wealth of individuals or businesses may not necessarily correspond to the income of the taxpayers (Arnold, 2008). This can particularly overburden those with limited incomes like pensioners. Tax on non-residential properties can be unpopular among business owners as it can affect their resource allocation and investment decisions. The collection of property tax may not be matched with improved local services, largely due to corruption and low-level of accountability among local officials (Brockmeyer *et al.*, 2020)

Weak law enforcement on collection of rates and other property taxes is another problem being faced by local authorities in Zimbabwe. Low political willingness of elected local officials to enforce taxes from the wealthy and the powerful can further exacerbate the low collection rates. Ineffective assessment of properties: This may result in an underestimation of registered properties that further erodes the tax base (Arnold, 2008). The two commonly used property assessment methods, market-based assessment is

generally considered as a better tax base for efficiency and equity reasons (Keen and Slemrod, 2017). Despite this, area-based assessment is widely used in developing countries because it is relatively easier to undertake and cheaper to administer. Given the generally unpopular nature of property tax among taxpayers, politicians may also be less willing to have strong property tax enforcement on poor people residing in poorer neighbourhoods to maximize their vote in elections. Furthermore, punishment for non-compliance such as confiscation of properties may not be politically feasible.

Ineffective assessment of properties may result in an underestimation of registered properties that further erodes the tax base. Of the two commonly used property assessment methods, market-based assessment is generally considered as a better tax base for efficiency and equity reasons (Keen and Slemrod, 2017). Despite this, area-based assessment is widely used in developing countries because it is relatively easier to undertake and cheaper to administer.

Poor tax administration is largely due to inadequate human resource, infrastructure and limited information on properties. These challenges are reflected in a number of tax administrative tasks such as a narrow tax base, ineffective tax assessments of properties and very low tax rates (Keen and Slemrod, 2017).

Box 1: Challenges of property taxation and rating administration in developing countries (Keen and Slemrod, 2017)

Property tax administration in developing countries is generally characterised by the followings:

Narrow tax base: This is due to a large proportion of informally owned properties and a range of legal exemptions and preferential treatment to different types of properties or different groups of society.

Exemptions: These can be provided based on different factors such as the type of ownership and characteristics of the owner or occupier of the property such as exemptions to government-owned properties, properties used for charitable purposes, churches, schools, and hospitals. Such exemptions may create inefficiency if they affect economic competition among businesses and between businesses and the government. They may further narrow the tax base and create a disproportionate burden on taxpayers or localities that do not get such exemptions.

Low tax rates: Tax rates in developing countries are commonly very low. Yet, increasing the tax rate on properties is largely unpopular and may invoke negative reactions from citizens.

Flat rates: When the administrative capacity is low, area specific flat rates may be considered while the property tax system is being developed.

The key component of improved property tax collection rate is as a result of facilitation of voluntary compliance, coupled with projection of a credible enforcement threat by the local authority. This is achieved through a combination of improved taxpayer service, including use of the banking system for tax payments, together with escalating sanctions that culminated in the seizure and liquidation of land and buildings to settle unpaid tax liabilities (Brzeski *et al.*, 2017). The other enforcement measure is only politically and administratively feasible because of the government's policy of deliberately pursuing the tax object (real estate) rather than the tax subject (taxpayer), so it could avoid the sensitive and often problematic issue of identifying ownership of taxed land and buildings (Duflo, 2017). In Indonesia, property tax system is still performing quite well, although it now faces many new challenges in the context of comprehensive decentralisation program. There are also special challenges in property tax reform where there is no well-developed real estate market, either because: 1) the country is transitioning from a planned economy to a market-based economy such as in Central and Eastern Europe, China, and Vietnam, a phenomenon detailed in Malme and Youngman (2001), land is communally owned as in rural South Africa, a predicament examined in Bell and Bowman (2006).

The implementation challenges are especially acute in very poor but rapidly urbanizing nations (sub-Saharan Africa), where the need for property tax reforms is also critical due to the importance of fiscal decentralisation initiatives. Franzsen and Youngman (2009) gave an overview of the state of property taxation in Africa, and McCluskey *et al.* (2003) for a detailed examination of the challenges of property tax reform in Africa through the lens of a case study of Tanzania's experience with property taxation. Hence, property tax reform will upset the status quo to which key stakeholders have already adapted, thus, a special implementation consideration is mitigation of short-term disruptive effects created as a by-product of the transition to a new long-term equilibrium (Arnold, 2008). For example, if reformers pursue a collection-led approach to property tax reform, short-term inequities will probably arise as those already on the existing tax roll are compelled to meet their tax obligations, while those with omitted or grossly undervalued property will not yet be paying their fair share of tax liabilities (Everest-Phillips, 2009). This creates a strong case for maintaining a low effective tax

rate until the tax roll is fairly complete and accurate. However, transitory changes frequently turn into permanent ones since there is nothing more permanent than something that is transient.

The sticker shock of significantly higher property tax obligations following property reassessment is another sort of short-term adjustment hardship. Particularly during a real estate bubble, this can be lessened by lowering the tax rate during a transitional period so that tax responsibilities increase gradually (Goodfellow, 2015). This can be lessened during times of market stability by doing revaluations more frequently and by indexing property values in between revaluations. By lowering tax rates, Hamilton (2019) suggested that it could have been possible to moderate some of the rage that led to the property tax rebellion previously recounted. This is a nice example of indexing between values.

Projects for the digitalisation of property taxes in low- and middle-income communities are reviewed, both recent and continuing. At all phases of the fiscal process, digitalisation presents prospects for enhancing the administration of property taxation (Martinez-Vazquez, and Youngman, 2008). As outlined in Kelly *et al.* (2020), the amount of revenue collected from property taxes is the result of a combination of policy variables and administration variables. Two key elements that are essential to improving the effectiveness of the property taxation system are the methods for determining the tax due and the definition of the tax base. The coverage ratio, or the proportion of taxable properties that are registered, the valuation ratio, or the proportion of the total market value of real estate that is recorded on the valuation roll, and the tax liability assessment ratio, or the proportion of assessed liabilities that are actually being collected on any given property, are among the administration variables. The digitalisation of the property taxes system can immediately help all of these administrative factors. Basic computerised systems are reasonably common and offer the same advantages for other tax instruments as they do for managing property tax assessment datasets and producing tax notifications (McGuire and Dana, 2019).

The advantages of a digitalised system for property taxation include a significant decrease in information management and processing time, the

simplicity of computing summary statistics, the speedy production of tax notifications, and the potential to link property tax data with other administrative data. To fully realise the advantages of digitalisation in the field of property taxation, however, a computerised register is only the first step. Knebelmann (2021), noted that many substantial problems may continue to exist even if a computerised property tax register is established and also the specificity of the property tax leads to additional advantages of switching to digitalised processes, precisely because satellite imagery tools and delocalised data systems can help detect, register, characterise and value properties in other words the tax base.

In fact, a large portion of local funding comes from different fees rather than actual taxes. These can range from charges for parking and billboard advertising to payments for neighbourhood security, planning requests, and other administrative services, and fines for a variety of urban infractions. Taxes, in contrast to these other means of funding the government, do not depend on the "supply or promise of any specific item or service in return for payment" (Lieberman 2002; 91). Taxes are thus usually considered to be qualitatively different from fees, playing broader roles that feed into accountability, state-building and social contracts (Bräutigam *et al.*, 2008; Moore 2004). Local governments in developing countries are frequently heavily reliant on fees, although they typically aim to gradually increase the proportion of local taxes to local fees. Regardless of how the two are split, the majority of local governments rely heavily on payments from the federal government even in situations where there is significant fiscal decentralisation.

The property tax has, historically, been associated with local government in most countries. One reason that taxes on land and property have been considered to be especially appropriate as a local revenue source is that real property is immovable it is unable to shift location in response to the tax (Slack and Bird, 2014). Although a change in property tax may be capitalized into property values in a particular community, and in the long run tax differentials may affect where people locate, these effects are of a smaller magnitude than those that would occur with income and sales taxes at the local level (Slack and Bird, 2014). The link between many of the services that

are normally supported locally and the increase in property values is another justification for why property taxes are thought to be a suitable source of funding for local governments.

For instance, Fischel (2000) stated that because taxes resemble the benefits gained from local services, the property tax in the United States is similar to a benefit tax. If this is the case, financing local services through local property taxes will encourage effective public decision-making because taxpayers will support policies where the benefits outweigh the costs. Both the advantages of local amenities like good schools, easier access to roads and public transportation and the taxes used to pay for those amenities are capitalized into property values. Higher property values will result from either because taxpayers are willing to pay more for better services or lower tax rates.

Naturally, this analysis makes the assumption that local property taxes actually fund services that raise property values and that local governments determine both tax rates and service levels in their jurisdictions. However, this is not the case in low-income neighbourhoods where the issue of property values is unachievable due to subpar land administration and registration procedures. Furthermore, when it comes to justifying the typically greater taxes on non-residential property found in many nations, this line of reasoning looks even more flimsy. Although Bird and McKenzie (2009) argue, an income-type value-added tax appears to be a much more sensible way to “price” local services to businesses than a property tax.

Additionally, property tax is a tax on capital or, to the extent that it applies to housing, a tax on housing services. Zodrow (2000), for example, argues that the property tax in the United States results in distortions in the housing market and in local fiscal decisions. In particular, since the US property tax that is based on market value, falls on both land and improvements it both discourages building and results in the underutilisation of land (Webster, 2019). As a result, the nation's capital per unit of land is lower than is necessary for economic efficiency. For instance, homeowners who make improvements to their home will pay more in taxes as a result that will deter them from doing so. George (2019) has observed that a tax on land values alone would avoid this economic inefficiency and would indeed stimulate the efficient use of land.

Property taxes on land and improvements are the perfect tax for supporting local government level services, according to theory and international best practices, for a variety of reasons (Webster, 2019). Property-related taxes have a high potential for income generation, particularly in increasingly urbanizing areas. Indeed, urbanization is a wealth-creating activity, resulting in increased land prices that, if properly documented, may provide finance for much-needed urban infrastructure and services. The immobility of the property tax base reduces economic efficiency implications and makes it the least distortive tax instrument, followed by consumption taxes, personal income taxes, and corporate income taxes (Johansson, Heady, Arnold, Brys, and Vertia 2008). The value of location-specific capital investments and the advantages of government programs and services that would otherwise be documented through various levies, user fees, and other taxes, are covered by the property tax base due to its immobility. As a result, the property tax might serve as a kind of "benefits tax," distributing the tax burden across properties with different benefits, as indicated by different property prices. The tax base may be relatively easily identified and collected thanks to the immovable property tax base, and the property itself can act as natural collateral in the event of tax non-payment.

Finally, the property tax base may promote more responsive, effective, and accountable local governance and public service delivery as a highly visible and politically sensitive revenue source. Ordinarily, recurring property taxes are justified as "benefit taxes" or "quasi-user charges" for local public services (Weigel, 2020). According to the benefit principle in public finance, those who gain from the government's services should be responsible for paying the corresponding tax or fee. Technically speaking, it is possible to balance the costs of multiple government services by using a system of direct user charges linked to benefits (such as water supply, public transit such as buses, and solid waste collection). For the provision of public goods like local roads and street lighting, fire protection, and security, and social services like education and health, direct user charges are ineffective and/or challenging to administer.

Many countries utilise ad valorem (value-based) property taxes. Due to a lack of valuation data and capabilities, the ad valorem approach is frequently ineffective and has low revenue productivity. Recent experiences from

African countries show that significant and speedy advances in property tax collection are possible even in circumstances with low capability. Numerous changes have been undertaken, including expanding the tax base, reassessing properties, expediting the tax collection procedure, executing a successful collection-led plan to raise the collection ratio among existing properties, or combining a few of the aforementioned techniques.

Due to the challenges involved in implementing the value-based property tax strategy, several governments have adopted area-based valuation as a workaround. In Ethiopia and Mozambique, municipalities impose a presumption fee based on the size and placement of constructions. The system is now so clear and controllable as a result of this (Moore and Monkam 2015). Rwanda first adopted an area-based strategy after realising its inadequate administrative capabilities during the 1994 genocide. Since then, the country has shifted to taxpayer self-assessment that reduces the administrative overhead but increases the likelihood of underpayment. Following the civil war, numerous municipal councils in Sierra Leone, notably those in the nation's capital Freetown and the second-largest city Bo, departed from the *ad valorem* model and opted for an area-based one instead. A property's value was determined by its size, kind of construction, location, and accessibility. This strategy secured the legitimacy of the local administration and was seen as fair. Between 2007 and 2010, the towns' property tax revenue climbed by 300–500% (Jibao and Prichard 2015).

In certain nations, the adoption of contemporary technologies for widespread property appraisal has been successful. Arusha City Council in Tanzania transitioned to a cutting-edge Local Government Revenue Collection Information System (LGRICIS) connected with a geographic information system in 2014 from a manually managed own-source revenue system (or a GIS platform). The new technology enables the local government to identify taxpayers' properties using satellite data and includes a notification and payment-tracking electronic invoicing system. The new approach discovered about 102,000 structures, a huge increase from the former system's 23,000 buildings. The number of qualified taxpayers more than quadrupled in the first 15 months following the implementation of the new system, going from 31,160 to 104,629 in total. The city council increased yearly income by 75% in a year (World Bank 2017).

Property taxes have a great deal of potential to increase income and promote fairness, particularly in developing countries. Currently, the property tax contributes between 0.3% and 0.6% of GDP in underdeveloped countries and between 2% and 3% in OECD nations (Bahl and Martinez-Vasquez, 2008; Bird and Slack, 2004). This international benchmarking points to a high potential for substantial increases in property tax revenues and enhancements to equity and efficiency, particularly in developing countries.

To broaden the tax base, property values, tax collection, tax enforcement, and taxpayer services, nations must execute strategic reform. Interactions between policy and administration must be a part of these improvements. The correct political decisions regarding valuation standards, appeals, collection, and enforcement must be made as part of the tax policy changes, in addition to altering tax base definitions and tax rate structures. As part of the tax administrative reforms, the tax base coverage, valuation, and collection, and taxpayer services, must be improved. Weak administration, typically the consequence of political, institutional, and capacity restrictions, is a significant barrier to developing countries' efforts to improve the administration of the property tax (Fatica and Prammer, 2018). All tax reforms must be country-specific, adjusting international best practices to each distinct reform environment. Property tax reforms must be designed with awareness of these constraints, the existing reform environment, legal and institutional structures, government administration capacities, and political will. To enable the long-term implementation of a more equal and effective property tax system, significant administrative reforms must be implemented within an appropriate property tax policy framework (Bird and Slack, 2004).

A multi-year, systematic, and thorough property tax assessment is necessary to achieve gains in property tax revenue, equity, and efficiency goals. Sustainable property tax reform is needed in emerging nations. Despite the fact that property tax policy may be changed immediately, worldwide experience shows that it will take time for these administrative and regulatory changes to result in increased revenues, efficiency, and equality. Property tax reform must be adopted to give enough time for longer-term, systemic and institutional transformation, even though certain measures may result in an immediate increase in property tax collections. In an ideal world,

property tax reform would be integrated into wider public sector management changes, such as reforms to local government, urban development, public financial management, fiscal decentralisation, and governance (Fatica and Prammer, 2018). This will lessen political, administrative, and taxpayer opposition, help create demand support for the reform, make it simpler to mobilise a wider range of the key stakeholders and resources, balance the impacts and incentives of other reform initiatives, and generate the synergy required to design, implement, and sustain a successful property tax reform. A successful property tax system can then promote these other changes that aim to improve responsible, responsive, and efficient public service delivery (Pomeranz and Vila-Belda, 2019).

The ability to mobilise the political, administrative, and public support necessary to increase property tax revenues, equity, and efficiency requires visionary leadership, an appropriate policy framework, strong administrative capability, and appropriate incentives. This chapter's part focuses on these prerequisites for effective property tax reform, emphasising the crucial administrative and regulatory elements and potential tactics required to make the property taxation system operate in low-income neighbourhoods (Pomeranz and Vila-Belda, 2019).

In many developing countries, efforts are currently being made to enhance broad-based direct taxation, and property tax is seen as a pillar of such efforts. But in the majority of underdeveloped countries, it results in little earnings. Given the aforementioned causes of property tax low-income contribution, the following variables might eventually help it increase. The administrative framework for property taxes, including the choice of the tax base, tax rate, and exemption regulations, should be altered to increase efficiency and equity this helps in improving technological ability to create more accurate property records. This may be accomplished, for instance, by the use of Geographic Information System (GIS) mapping to broaden the scope and staff training to improve valuation methods (Pomeranz and Vila-Belda, 2019). The valuation rolls and property registries need to be updated this helps in increasing the enforcement of laws and increasing compliance by promoting public awareness campaigns and strengthening enforcement measures. If the goal is to enhance local service delivery, fiscal

decentralisation should be strengthened by giving local governments more freedom to manage the collection of property taxes.

Property tax reform policy problems may be divided into three categories: tactical, technical, and political. Many of the policy difficulties covered in we apply to tax change in general and are not only limited to property tax reform. There are always going to be winners and losers in property tax reform, both within the tax administration and among the general public, as discussed by Gillis (1989) and Boskin (1990). Furthermore, the majority of tax workers and taxpayers are dispersed and reactive, in contrast to the organised and proactive nature of internal and external special interests. Internally, this issue is most pressing when dishonest employees who perceive reforms as a threat can easily sabotage the reform through improper, slow, or delayed administration, causing the reform to die by administration.

The challenge is most obvious from the outside when the change is aimed at relatively affluent property owners since the powerful and wealthy will kill the reform. The remedy is essentially political if the issue is. The reform is likely doomed before it is initiated if political leaders do not publicly and consistently support it (Arnold, 2008). Even with significant political backing, a change might nevertheless fall short owing to technical issues. The most prevalent of these are firstly, poor or incomplete information on the present situation, often leading to inaccurate tax forecasting of the likely impact of the reform and thus, unintended consequences; and secondly, insufficient financial and human resources, contributing to inadequate administrative capacity for effective implementation of the reform (Pomeranz and Vila-Belda, 2019). For property tax reform to be successful, careful consideration of the behavioural and administrative aspects is required. Design change without adequate implementation is a surefire formula for failure.

For emerging and transitional economies, these technological flaws are made worse by improper suggestions from donors and experts. Without comprehending the unique context of the country, they are seeking to aid, these advisers frequently attempt to duplicate the tax systems with which they are most aware (Slack and Bird 2014). Furthermore, financial help is occasionally contingent on hiring experts and equipment from the country of origin, regardless of how rational such decisions are. Before accepting

external help, host nations should weigh its entire costs and advantages. The third policy pitfall is a tactical one that has to do with when and how property tax reform should be implemented.

Tax reform in general has been most successful when it has been least needed. This applies to revenue-enhancing property tax reform as well because it allows tax administrators to develop their systems and information bases with very low transitional tax rates (Pomeranz and Vila-Belda, 2019). It also facilitates a learning period for taxpayers to familiarise themselves with the new system, thus enhancing longer term understanding of, and voluntary compliance with the property tax (Slack and Bird 2014). Property tax reform may be implemented in two ways: "big bang" reform, when everything is changed at once, and "asymmetrical" reform that implements changes gradually.

Box 2: Property Taxation and rating process City of Manchester, UK (Barrios *et al.*, 2019)

Tax Rates

Discovering, cataloguing, and estimating the value of all taxable property under the authority of the city are the City Assessor's three main responsibilities. The Assessor's practices must comply with State rules governing property taxes to guarantee that every piece of property is handled equally. Additionally, generally acceptable accounting and appraisal methods must be applied.

Property Taxation Process**Assessed value and the Tax Rate**

In order for you and other taxpayers to pay a fair amount of support for the community services you enjoy, the Assessor's main duty is to determine the fair market value of your property. Other organisations, in addition to the city, must collect taxes to maintain these services. State statutes once again outline the authority of these taxing bodies and the types of assets that are tax-exempt, including schools, scout camps, and churches. The governing bodies of the different taxation authorities put out proposed budgets each year. They add up all anticipated sources of income, such as state aid and shared taxes, license fees, and tuition, to finance the expenditures in the budget. The expected expenses are reduced by this. The "tax levy" is the remaining sum that represents the entire amount expected to be collected by property taxes. The City of Manchester's tax levy is determined by the size of the city's budget. The levy is calculated by multiplying the tax rate by the combined market value of all the properties in the city. The tariff is the same for every property owner. This tax rate will equal the precise amount required for the levy to help pay for City expenses when applied to the value of all taxable property in the city. The required tax amount is simply divided by the total assessed value of all taxable property in the City to determine the tax rate.

$\text{Tax Rate} = \text{Levy} \div \text{Total Assessed Value}$

Your share of the levy is calculated using the assessed value of your property once the rate has been established. The amount of taxes you owe are determined by multiplying the tax rate by the assessed value of your property. The tax rate is frequently stated as a "mill rate" or in terms of dollars per thousand. The participation of many City government departments is necessary for the full taxing procedure. The Assessor determines your property's worth. The tax rate required to raise the revenue for these services is established by the Mayor in conjunction with the New Hampshire Department of Revenue Administration.

The Assessor is required to have up-to-date maps that clearly show each city piece of property. Great effort is made to ensure that these maps are maintained current to ensure that there are no omissions. To stay current on building activities, the Assessor works closely with other city departments. To ensure that all properties are assessed fairly, constant attention must be paid to businesses that sell, move, or open in the city.

To determine the value of any piece of property, the Assessor must first know the prices being paid for comparable properties, how much it would cost to replace it today, how much it would cost to operate and maintain it, how much rent it might generate, and many other monetary factors that could affect its value, such as the current interest rates being paid on loans used to purchase or construct properties similar to yours. With the aid of these details, the Assessor is then able to determine the value of the property in three different ways.

The Assessor must create a record identifying you as the owner so that your property is not mistaken for another one. The office logs your postal address, provides a thorough description of the property, creates a legal description, and logs your property's parcel number on an assessor's map. Residential, mercantile, manufacturing, or agricultural values must be designated when they are finally estimated and listed on the annual assessment roll. This data is available for public review and is listed on the assessment roll.

Market Approach, the first step is to look for recently sold houses similar to yours. But to see the truth, one needs carefully examine their selling prices. Due to the buyer's urgency to move in and willingness to spend whatever it took to do so, one home may have sold for more than it was truly worth. The owner of another may have agreed to sell for less than it was really worth because they needed the money immediately soon and were prepared to accept the first offer they received. The Assessor must always take into account such over- or under-pricing when using this method (comparison of the selling prices of properties similar to yours) to determine a fair evaluation of your property's value.

Assessor can use is based on the cost of replacing your property with one that is identical to it, given current labour and material costs. The Assessor must figure out how much depreciation your property has endured if it is older.

If one happens to possess real estate, such as an apartment complex, a store, or an office building, that generates rental revenue in addition to the other two methods, you may use the

third one as well. Here, the Assessor must take into account monetary considerations including your operating costs, taxes, insurance, maintenance costs, the level of financial risk you took to generate revenue from your property, and ultimately, the return that most people would anticipate on a property of this type. Of course, the third strategy cannot be employed if your property is the residence you live in since you receive no revenue from it. However, you may be certain that the Assessor carefully takes into account all the relevant, trustworthy financial factors relative to your property.

Valuing Property

Finding the amount the majority of buyers would pay for your property in its current state can help you estimate its market worth. However, the Assessor has the enormous task of evaluating every single house, store, office complex, and numerous apartment units in Manchester. This involves determining the cost of all the furnishings and office equipment. This is done to prorate the costs of the city's schools, police and fire protection, medical and recreational facilities, and other public services across all taxable property. The cost of these services is split between you and the city according to how valuable your property is in comparison to all other properties there.

9. Why Assessed value changes from year to year

Assessed worth fluctuates organically as market value does. The assessed value would rise, for instance, if you added a family room or built a garage to raise the property's overall market worth. Similar to how a fire would reduce the value of your property, the assessed value would fall to reflect the negative impact this damage has on the property's market worth. A neighbourhood or a certain house style may become particularly popular for a variety of reasons, leading to market value increases that are faster than typical. The Assessor must be alert at all times to spot these tendencies. Inflation and the regional economy have an influence on your estimated worth as well. We are all aware that when the cost of labour, materials, and money rises, so does the value of the current home stock. People have produced this worth via their transactions in the market, not the assessor. Every year, the Assessor is in charge of updating current assessments to reflect changes in the market.

Box 3: UK property Taxation system and housing (Barrios *et al.*, 2019)

Regarding important topics like complexity, tax neutrality, tenure neutrality, equality, and general macroeconomic concerns, the tax treatment of housing differs greatly among OECD countries. According to recent OECD statistics, the UK taxes property more than any other nation in the OECD when all recurring and non-recurring taxes are combined. This is an important distinguishing feature of the UK property tax system. In the UK, total property taxes in 2016 were twice as high as the OECD average at over 4% of GDP. This accounted for 1212% of the taxes that the British government collected. Government spending on housing exceeded the OECD average of about 0.5% in 2016 that is likewise a high level, at 0.72% of GDP. Combining the two results in a picture of the UK housing sector as a significant contribution to state budgets. This raises questions about whether any changes to the taxation of housing would be likely to accomplish their intended purpose and whether there are any lessons to be drawn from the global experience.

The vast and frequently overlapping character of the tax system makes it challenging to prioritise certain policy instruments. Throughout its life cycle, from the acquisition of undeveloped land through the purchasing and selling of residential property, taxation of housing can vary significantly. During market peaks, concerns about housing availability, affordability, and tenure options become especially acute, but the political push for change can be brittle. There are several ongoing housing-related programs at any one moment, making it difficult to determine the effects of each one separately. When making an international comparison, it is also necessary to take into account significant legal, fiscal, and cultural variations.

Box 4: Self- Tax Assessment approach in Bogota City (Duflo, 2017)

Before the 1993 property tax reform, only the less than 50% of all property owners in Bogota city paid property taxes; this is known as the cadastral basis. Additionally, property prices in the cadastral assessments were between 20 and 30 percent below market value. By requiring taxpayers to declare the properties they held and their valuations as part of the 1993 reform, the city (as the sole municipality) significantly increased the amount of information that was accessible about the real estate holdings of the city. The recently passed law stipulated that stated land values may not be less than the highest of the following three benchmarks: (1) 50% of the commercial worth; (2) cadastral valuation; and (3) the self-assessment from the prior year, adjusted. On the basis that it was difficult to determine a market value for every property in the city absent a transaction, the 50% clause was removed in 1994. The self-assessed valuations were utilised as the foundation for computing capital gains on property under the income tax to further improve compliance (applying, however, to only a minority of property owners). The establishment of the city's autonomous cadastral organisation was seen as crucial to carrying out the increased autonomy granted over the property tax base.

In one year, the number of tax files doubled as a result of the reform that included many heretofore unregistered properties in the cadastral basis. In addition, it brought taxable values and market values closer together. As a result, in 1994, real property tax receipts increased by 77 percent. The new plan also caused a steady rise in the number of properties declaring the tax over the course of the following ten years. The economic slump in the late 1990s, however, caused a dramatic decline in property prices, and in many cases the minimal legal value established through self-assessment surpassed the market value. In response, the national government passed legislation in 2000 that did away with the self-assessment clause and established the Urban and Rural Property Valuation Index, a price index that was calculated as the average increase in property prices estimated by the same office and was meant to update cadastral values that were not updated during field activities by the Cadastre Office. As a consequence, more taxpayers—up from 72% in 2000 to 86% in 2002—reported the cadastral value. The number of updated properties reached a historical high and the ratio between cadastral valuation and commercial value was about 81 percent as a result of subsequent valuation improvements based on greatly increasing the coverage of cadastral updating operations.

Two strands of lessons may be drawn from the case studies that have been analysed about immovable property taxation systems and practices. The first strand deals with the taxation of one form of real estate across the course of its existence, such as owner-occupied homes. The second strand weighs the benefits and drawbacks of a specific tax on immovable property at a certain period, such as ongoing property taxes. The current literature in this field is clear-cut, but summarizing the results is less easy. According to the first body of research, immovable property taxes should be neutral to prevent distortionary behaviour. The neutrality benchmark to be used, however, depends on the theoretical perspective adopted. Immovable property may be taxed as a consumption good or as an investment for personal or commercial use that determines the benchmark and potential distortions.

The examination of one tax kind at a time in terms of its benefits and drawbacks for the general public is the second component. Other factors including justice, fiscal federalism, and political economy issues have received less attention because the focus is typically on efficiency considerations of immovable property taxes. A general ranking of the "best immovable property taxes" does not seem to be possible given the trade-offs between these elements, since the outcome of a tax ultimately depends on the specifics of its design and the larger tax structure. Additionally, as stated in the first section of the case study, an appropriate land registration system must be used, and the entire impact of immovable property taxes must be evaluated over the course of the object's life cycle.

The chapter comes to the conclusion that while residential property taxes has many theoretical advantages, its practical implementation deviates greatly from the recommended theoretical approach. According to the available literature and theories discussed in this chapter, this assessment is especially accurate for European countries due to their generally low recurrent property taxation (based on outdated cadastral values), tax-preferential treatment of owner-occupied housing, and tax-preferential treatment of non-owner-occupied housing (on account of the under-taxation of housing equity relative to other investments, and their limited in Africa countries). As a result, in Zimbabwe, the discussed literature is helpful for bringing practice closer to theory while carefully addressing political economic factors that may operate as reform barriers.

CHAPTER 3: Study Design and Methodology

The previous chapter presented the literature review surrounding the concept of property taxation system. This chapter explains and justifies the research methodology and methods used in this study. This chapter describes the methodology used in this study on collecting data for opportunities for property taxation system in Epworth. The sample procedures employed, the target demographic, the institutions visited, and the data gathering methods and strategies employed are all outlined and discussed. This study aims to propose solutions to property taxation system in Epworth. According to Tubey, Rotich, and Bengat (2015), during the most of the twentieth century, the primary research methodology used was primarily quantitative, but due to its inability to provide comprehension of why things are the way they are, social scientists created qualitative research methodologies. This study takes a hybrid strategy, consulting both quantitative and qualitative methods. Where quantitative methods failed, qualitative methods were used, and vice versa. This makes the scope of the study simple, researchable, objective, and unambiguous (Ariyawansa & Gunawardhana, 2006). The chapter discusses the study's research philosophy, research design, paradigms, and assumptions.

According to Saunders (2019), a research paradigm is a set of presumptions and ideas about how knowledge is created and how those presumptions and beliefs connect to the research that is being conducted. A research paradigm is, to put it simply, the process of learning about a certain area. Several research paradigms may be utilised in a research study, the most common of which are positivism, interpretivism, constructivism, and pragmatism (Saunders, 2019). Choosing a research paradigm is essential for each study. Positivism examines quantifiable variables, that is quantitative approaches, whereas interpretivism entails a far more qualitative investigation of a topic (Creswell, 2011). Because this study used a mixed method approach, one paradigm was insufficient.

This study employs a hybrid paradigm/pragmatic method, albeit with a bias toward positivism. This study aims to give possibilities of a functional property taxation system in Epworth. Despite the apparent conflict between

the quantitative and qualitative research paradigms, it is essential to be pragmatic so that the shortcomings of the qualitative approach are compensated for by the advantages of the quantitative approach, and vice versa. For this reason, the research employed the pragmatist paradigm. The research paradigm used for this study is influenced by positivism and interpretivism.

This study did not provide a new theory; rather, it adds to our understanding of possibilities of a property taxation system in low-income neighbourhoods in Zimbabwe. The study's research paradigm focuses on specific issues with funding for residential and commercial taxable properties in Epworth. An organised and coherent set of assumptions makes up a reliable research paradigm. A research paradigm helps with technique selection, research plan, data collecting, and data analysis. According to Saunders (2009), the research design that would be employed to carry out a study is determined by the researcher's presumptions, belief systems, or worldview in conjunction with a research paradigm.

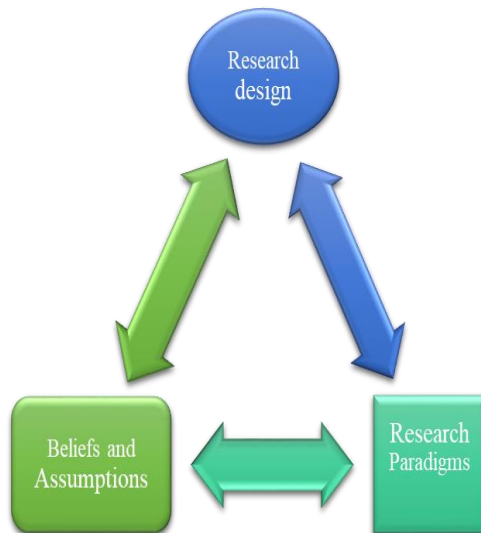


Figure 5: Relationship between Research Paradigms, Assumptions and Design; (Saunders, 2019)

According to Saunders (2019), while developing research philosophies and designs, paradigmatic conflicts are necessary for every research undertaking. The connections between the researcher's assumptions, research paradigms, and study design are depicted in Figure 5 above. Regarding the functions of the property taxation system in commercial and residential properties, various authorities have varying opinions and strategies for local authorities to maximise their revenue. In developing countries property taxation has recently begun to gain attention as a key revenue generation vehicle for local authorities. It draws on several different fields that already had their philosophies and ideas, including the social sciences, natural sciences, applied sciences, and behavioural sciences. It is challenging to develop a unique philosophy for real estate taxation that is distinct from the other disciplines since paradigms are combined and derived from many backgrounds.

The positivist philosophical ideology is predicated on the idea that factual knowledge is attained by observation and measurement, according to Creswell (2011), who also cites interpretivism as the research paradigm for this study. But because property tax depends on both the scientific and social sciences, it is important to concentrate on more than one paradigm because, at the conclusion of the study, what was seen needs to be interpreted. According to Bryman and Bell (2003), the mixed methods technique was utilised in this study to integrate quantitative and qualitative features. This approach combines social inquiry (interpretivism) with science (positivism).

According to Saunders (2019), a research design is a technique used by a researcher to address research questions and it serves as a road map in any research since it adds significance to study by connecting facts and deductions to research questions. To get a better understanding of problems of the property taxation system in Epworth, this study used an embedded single case study technique. According to Yin (2003), most scholars avoid case study research due to the biases involved. According to Saunders (2019), a deductive approach is required in exploratory case study research. This study strikes a balance between description, analysis, and interpretation of data results acquired from the single case study that is the case of Epworth.

The property taxation process was explored, an in-depth examination of how residential and commercial properties in Epworth are taxed will be carried out during data collection. The study's research design was decided by the research objectives and questions. It is pointless to use a research design that does not achieve the study objectives or answer the research questions. Some objectives and research questions are best answered and handled utilising both qualitative and quantitative approaches, however the majority of objectives and research questions are mostly oriented toward qualitative methods. As a result, the study employed a mixed methods approach using triangulation, in which the limitations of one technique were countered by the benefits of the other. A case study investigation, according to Yin (2003) is one that explores a real-life event or phenomena whose limits are not distinct

According to Saunders (2019), qualitative research approaches are used when a researcher is searching for interpretative opinions and needs to give the issue under investigation context and meaning. As in the case of this study, many qualitative research designs are known to include deductive methods that evaluate pre-existing hypotheses. The conceptual framework and theoretical framework of this study were based on the qualitative method because qualitative research examines meanings and links between phenomena through data collecting and analysis procedures. According to Young and Schmidt (1996), the qualitative school of thought refers to the collecting of data and information for the purpose of analysing and interpreting social phenomena or human behaviour via the use of methodologies, concepts, and qualitative procedures. This study aims to analyse and proffer solution to property taxation system in low-income neighbourhood in order for local authorities to get the best out of the registered properties within their area of jurisdiction. To better understand the contributions of the current property taxation system in Epworth this study also included photos that were collected through fieldwork and detailed explanations of them, since Saunders (2019) pointed out that words and pictures make up the majority of qualitative research. Semi-structured interviews were utilised in this study.

According to Saunders (2019), quantitative research designs are often utilised, especially among positivist researchers. When the inductive method is necessary to test a hypothesis, quantitative procedures perform best. Relationships between variables that may be quantified using statistical ranges are known to be studied using quantitative methodologies. According to Brynard and Hanekom (1997), quantitative research encompasses techniques like surveys and studies that employ histograms, pie charts, bar graphs, mean, mode, charts, and standard deviation among other things when analysing data to describe and explain occurrences. This study explores how different properties are taxed in Epworth which affect the income generated by the local authority, service delivery and compliance rate from the residents of Epworth. This approach was used in part of the research to assure generalization and, as a result, probability sampling approaches were used. A questionnaire survey was one of the methods the researcher used to collect data. This made it feasible for the researcher to be as detached from the research subjects as possible.

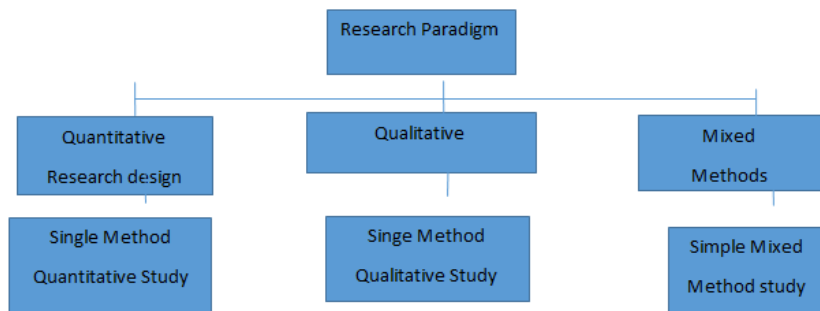
The premise underlying the mixed methods approach is that qualitative and quantitative data collecting approaches are used while gathering and analysing data. This strategy is one that combines quantitative and qualitative methodologies, according to Bradburn *et al.* (1979). In this investigation, triangulation was employed. Key informant interviews and questionnaires were both used by the researcher. These research tools included both qualitative and quantitative research questions. The qualitative method would be sufficient when the quantitative approach is insufficient, and vice versa (Alreck and Settler 1985). The research adopted a hybrid research strategy that mostly used both quantitative and qualitative research. To allow for a broader range of viewpoints and improve the study's level of knowledge, the research employed one approach (for example, quantitative) to analyse the relationships between the other method (for example, qualitative). A significant amount of literature evaluation was conducted to support the fieldwork research findings. To supplement primary data, statistical data analysis, literary critique, secondary data analysis, and historical data analysis were also conducted (Creswell, 2005).

Table 2: Advantages and Disadvantages for Mixed Approach method (Adapted from Creswell, 2011 and Saunders, 2019)

Advantages	Disadvantages
Allows weaknesses of one method to be compensated by strengths of another	Time taken to conduct study may be longer
Helps in generalising data	Discrepancies in different types of data
Allows for triangulations	Hard to interpret data
Useful when there are unexpected and then using other methods	It is difficult to conduct in terms of sequential order and timing
Findings can easily be described and order and timing reported	

The pros and downsides of embracing mixed method approach in research are shown in Table 3.1 above. The downsides are that the researcher must be more focused, spend more time, and pay close attention to detail while acquiring, analysing, and presenting data (Yin, 2003). However, the benefits far outweigh the drawbacks because an embedded single case study research, like this study requires a pragmatic approach to explain various variables such as collection rates, total annual revenue, level of service delivery and possible challenges of the current property taxation system.

Table 3: Research Paradigm (Adapted from Saunders, 2019)



The research paradigm used for this study is depicted in Figure 3.2 above. The study was not restricted to either a quantitative or qualitative design. It was pragmatic since it took elements from numerous sorts of study designs. According to Saunders (2019), a study design might blend approaches in a variety of ways. A questionnaire with open questions where the responder fills in the information may be used in a research design. The researcher may

also conduct more interviews to obtain clarification and explanation of the respondent's replies. Some features that required enumeration were slanted toward the quantitative technique, while those that required explanation after observation and survey were skewed toward the qualitative approach, and some aspects, such as pragmatism, were obtained from the mixed methods study.

According to Yin (2003), single case study research is used to examine an existing grounded theory. Using Epworth as a case study, the study examines how commercial and residential properties are taxed in Epworth since several properties in this neighbourhood have no title and they are difficult to carry out a valuation, but several transactions are taking place in Epworth. According to Yin (2003) a single case study is also appropriate when the event being studied is exceptional or severe in character. Due to the lack of information on residential and commercial property taxation' processes done in Epworth, the reluctance by the local authorities to disclose the specifics of their financial operations, there are no many sources of information about property taxation systems in Zimbabwe. As a result, this study on Epworth satisfies Yin's criteria for classification as single-embedded case study research because it is distinct, pertinent, and covers conditions of the everyday operations of local authorities in collecting revenue from both residential and commercial properties in Epworth. The longitudinal aspect of my embedded single case study research, as described by Yin (2003) as another requirement for justification. The case study investigates the findings of the Epworth Property taxation system and other time periods, in this instance from 2017 to 2021. Due to the aforementioned justifications, this study satisfies the requirements for a single case study investigation.

According to Yin (2003), the researcher should create a unique research design for a case study, and the evidence used in the study should be related to the goals of the investigation. This study employed a custom case study research design that will be covered shortly. According to Criswell (2006) a case study research design should have these five elements and these are all of the aforementioned are covered in the research's case study that has a single case study design. According to Yin (2003), this method offers descriptive information that is relevant to the case study. The financial operations of Epworth Local board, their revenue generation streams, the difficulties in collecting rates and other property taxes and their intended goals in line with

property taxation are all included in this study. Examining several elements, such as collection rates, revenue generated year on year, level of service delivery in Epworth are all included in this case study. As a result, this case study is an embedded single case study design using Yin (2003) and Criswell (2006) numerous units of measurement, data collecting, and analysis. Due to the novelty and significance of this single case study research that hasn't been done before in Zimbabwe, it is accepted as one. In particular, it focuses on Epworth property taxation system. This study's single case study design unified the research goals, research questions, key variable indicators, research instruments, and important assumptions into a single research technique matrix, as shown below.

This study is essentially an embedded single case study centred on the challenges and possibilities of Epworth property taxation systems that consist of high informal commercial and residential properties. Because this is an exploratory study, the researcher relied heavily on a literature analysis to examine the challenges and possibilities of the property taxation system in low-income neighbourhood. The research design matrix table shown below aided the researcher in gathering field data for the study. The links between the research objectives, the particular research questions to be answered, the main variables involved, the research instruments employed in the study, the target group, and the major assumptions that inspired this investigation are explained in Table 4 below.

Table 4: Epworth Research Methodology Matrix (Author's creation, 2022)

Research Objective	Specific Research Questions	Key variables/ Indicators	Research Instruments	Target Group
To analyse the existing property taxation system rating and different types of property taxes applicable in low-income neighbourhood in Epworth	What is the property taxation and rating system and different types of property taxes applicable in low-income neighbourhood in Epworth?	Types of property tax collected Annual Revenue collected	Key informant interviews questionnaire survey method Observation Literature Review	Epworth Local Board Administrative Staff Real Estate Professionals Planning Professionals Zimra Compliance officer

To assess the problems of property taxation and rating in Epworth	What are the problems of property taxation and rating in Epworth?	Constrains opportunities Solutions	Key informant interviews Questionnaire survey method Observation Literature Review	Epworth Local Board administrative staff Real estate Professionals Planning Professionals Residents
To explore the possibilities of an improved property taxation and rating system in Epworth	What are the possibilities of an improved property taxation and rating in Epworth?	Collection rates Level of compliance Service delivery level	Key informant interviews questionnaire survey method Literature Review	Epworth Local Board Administrative Staff Valuation Officers Real Estate Professionals Residents
To assess the possible legislative changes required to make effective property taxation and rating system in Epworth	What are legislative changes required to make effective property taxation and rating system in Epworth?	Opportunities Recommendations	Key informant interviews questionnaire survey method Literature review	Epworth Local Board Administrative Staff Valuation Officers Real Estate Professionals Residents

Through the use of key informant interviews, observation, questionnaires, and literature reviews, primary and secondary data collection techniques were employed.

Target population is known as one that has a number of clearly defined groups of the people, elements, services, or properties that are being looked into (Ngechu 2004). The residential and commercial properties in Epworth make the subject of the study. But because there are many informal residential and commercial properties in Epworth, this study focused on a sample size of 120 participants which consist of 15 residents from each ward and 10 key informants from Epworth Local Board, 2 interview Zimra Tax Compliance Officers and 3 key informants from Ministry of Local Government that is

$(15 \times 7) + (10 + 2 + 30) = 120$. Epworth Local Board govern the property rating system in Epworth as guided by Urban Councils Act [29:15]. The research concentrated on the property taxation and rating processes that are employed to both residential and commercial properties as provided in the Urban Councils Act [29:15]. Since it was impossible to reach the whole target demographic, Epworth was chosen the case study analysis to represent the low-income neighbourhoods with high informal settlements being formalised.

The research also aimed to suggest ways in which residential and commercial properties in Epworth shall be taxed so that the local authority will maximise on their revenue collection and improve their service delivery. The researcher focused on Epworth property taxation system through conducting qualitative key informant interviews with ten workers from Epworth local Board from the department of Estate and Valuation, Rates. Zimra officials to contribute their informed opinions in this study with regards to the property taxation system in low-income neighbourhoods. There were 120 questionnaires were distributed in total.

The stratified random selection approach was used in this study to select participants from residential and commercial properties in each and every ward. The population was classified into more than two strata-based characteristics such as occupation, location in terms of ward, property use and property ownership. The researcher calculated the sample frame in this study by using both probability and non-probability samples (Yin 2003). When it came to number of participants in each and every ward, the researcher used a multi-stage strategy and the snowballing technique in choosing participants. The study focused on key informants from Ministry of Local Government, Zimra Tax Compliance officer and Epworth Local Board Administrative staff as well randomly selected residents who were knowledgeable on with this study in each and every ward as guided by the map boundaries as shown in Figure 1.

To gather primary data for this study, field observations, questionnaires, and interviews were used. Yin (2003) asserts that archives, records, interviews, direct observations, and participant observations are among the sources of evidence for case study research. Some of the secondary data sources studied were annual reports, government papers, council records, newspaper stories,

periodicals, and films. The primary and secondary data gathering techniques that are covered in more depth below, made up the majority of the different sources of data for this study.

To measure the desired outcomes, relevant data is collected using research instruments. Theoretical presumptions are always subject to observational testing and experience through data collecting before they are verified or tested. To gather both qualitative and quantitative data for this study, research tools like observations, surveys through key informant interviews, and questionnaires were used. The questionnaire served as the study's main research tool, and the study was mostly qualitative in nature. Both primary and secondary data sources were used in the investigation. The investigator's initial data collection is considered primary data. Primary data are defined as "data that are taken from the field of research in their raw state" as noted by Hakizuwera (2007). Primary data for this study was gathered using techniques including structured and unstructured interviews, questionnaire surveys, and observation. Quantitative or qualitative primary data are both acceptable.

This study includes reading a variety of literature on the functionality of property taxation system in developing and developed countries, including books, journal articles, websites, newspapers, annual reports, and numerous publications. As a matter of principle, it was essential to adhere to established academic policies and procedures regarding plagiarism. For secondary data used, in-text citation was made and an APA citation style was used on the reference list in the study. The researcher did not claim the writings of other authors as his own. Information that has already been gathered and made accessible for use by others is referred to as secondary data. According to Saunders (2019), using secondary data entails doing a thorough review of information that has already been gathered for another reason. By supplying additional information, interpretations, and conclusions, secondary data is utilised in research to address the research question or to achieve the study objectives. For the sake of this study, secondary data will be interpreted to imply already-available, second-hand information. Desk research is a vague definition of secondary data. The Urban Council Act 29:15, RTCP Act [29:12], and other government publications served as the study's published secondary data sources. The majority of the data utilised in the study was easily

accessible, cost-effective, and time-efficient, hence secondary data collecting techniques were used. Textual critique was carried out to allow for believability. This study relied more heavily on primary data since some of the information from reports was out-of-date. The main ways for gathering data for this study are explained briefly below:

According to Hakizuwera (2007); “interviews take place when a researcher meets with a respondent to ask questions and obtain responses.” There are two types of interviews: organised and unstructured. Structured interviews employ a series of consistent, planned questions with each participant (Saunders, 2019). According to Moss and Goldstein (1979), the structured interview approach entails gathering data using a planned set of questions. Interviews are a critical and necessary source of case study information (Yin, 2003). The questions were initially written out by the researcher, who then utilised the 30 questions to collect responses from the intended audience. Because the researcher had previously pre-written a list of questions, the interviews were organised. The replies are logged according to a regular timetable. Closed questions those with predetermined or constrained answers are used in structured interviews.

Unstructured interviews are ones that are not standardised, sometimes referred to as key informant interviews, and are qualitative in nature, according to Saunders (2019). According to Yin (2003), a guided interview has to be flexible in order for the researcher to pursue a consistent path of inquiry. As the conversation went on, the researcher sometimes used an interview guide to ask questions. This strategy, according to Moss and Goldstein (1979), uses extensive personal observation skills to derive conclusions about the phenomenon being studied. To prevent asking unnecessary questions and to manage the respondents' responses, the researcher employed open-ended questions using an interview guide as a checklist. Key study questions about problems and possibilities of property taxation and rating system in Epworth were developed by the researcher and cantered on ideas such revenue collected, property tax amount paid, receiving of council bills and service delivery issues in Epworth. These ideas were transformed into interview questions that the researcher used to physically interview the main informants and document their replies. Each interview lasted no more than 20 minutes. According to Bradburn et al. (1980), open

inquiries allow the respondent to talk freely without being told what to say. According to Gravetler and Wallnan (2008), “unstructured interviews make use of checklists so that the interviewer will remain focused on his research”. In this instance, the researcher's research tool was an interview guide

Before asking any questions, the researcher got the interviewees' permission. There were no blind interviews conducted. The interviewees were informed that declining the interview was completely up to them and wouldn't have any negative effects. Prior to an interview, the researcher introduced himself, defined the goal of the study being conducted, and informed the respondents that the interviews were voluntary and that they could end at any time if they felt any kind of coercion or bias. This backs up Yin's (2003) claim that the majority of case study investigations utilise open-ended questions that allow participants to freely express their thoughts. The researcher preserved anonymity since no participant names were revealed. All research subjects' identities were concealed throughout the interviews, and the researcher emphasised that all information would be kept in a confidential manner. The creation and administration of the questionnaires are described in the next paragraph.

Questionnaires have several definitions, but for the sake of this study, a questionnaire is defined as a self-completion survey in which the individual answering the questions fills in their own replies. According to Payne (2004), a questionnaire is a written collection of questions on paper that respondents must answer through either face-to-face interviews or structured inquiries. Because of technological advancements, the researcher transmitted some of the questions electronically by e-mail or electronic devices such as cell-phones and tablets using e-survey methodologies. Saunders (2019), also indicate that a questionnaire can be administered in person, over the phone, or in the absence of the researcher. Comparatively, according to Oppenheimer (1992), surveys elicit ideas, viewpoints, or data from a specific target audience.

To gather socio-economic demographic information, such as sex, age, marital status, disposable income, a questionnaire survey was employed by the research in this study. The researcher created the questionnaire researcher created the questionnaire with the idea of challenges of property taxation and

rating system to collect data on demographics, level of compliance, level service delivery, registration of property, frequency of carrying the general valuation role and the effect of the property taxation system to the property market. The fundamental ideas were transformed into a list of inquiries that the participant might respond either physically or online. A list of identified respondents from Epworth Local Board received physical questionnaires after the researcher initially contacted and inquired about the clients' willingness in taking part in a study. Online surveys were distributed using email addresses and WhatsApp accounts. The questionnaire for this study has the following design: short and simple; followed a logical structure; provided sufficient space to fill responses; provided use of technical jargon had a respectable exterior in terms of the paper's colour, quality, and typography. No compulsion was employed in the administration of the physical or online surveys. The researcher would get prior agreement, explain the motivations for the study, and provide participants the choice to decline participation without facing any repercussions.

The study tool entails traveling into the field and directly observing the situation there, and occasionally collecting pictures, scratch notes, and diary entries. According to Saunders (2019), observation has long been disregarded as a useful strategy for data collecting. To prevent observer bias that occurs when a phenomenon is poorly understood and interpreted owing to time restrictions, sufficient time must be allowed for observation. Observations ought to be interpretable in several ways. The researcher went to and made some notes on all residential and commercial properties in Epworth. The researcher initially created procedures for acquiring data, such as taking notes and taking pictures, and then observed before analysing data. The researcher's observation objectives were to examine selected types of residential and commercial properties in Epworth. According to Yin (2003), fieldwork at the case study location allows a researcher to make first-hand observations.

In Katabua (2014), Leedy and Ormod (2005) argue that a research instrument's validity may be judged by how well it captures the intended outcomes. The same authors assert that consistency should be present in a research instrument when measuring a phenomena *ceteris paribus* to be reliable. Saunders (2019) asserts that when it comes to interviews, internal validity may be attained by utilising inquiring meanings, clarifying questions,

and examining replies from several angles. He continues by saying that the precision of the pilot testing and the question design, questionnaire structure, and reliability of questionnaires are all important factors. The researcher's talent and experience determine the validity and dependability of case study research results (Yin, 2003). According to Katabua (2014), for a study to be valid and trustworthy, the respondent must understand the questions in light of the researcher's objectives, and the researcher must see the respondent's responses in light of the respondent's intents.

The study's questionnaire was valid to enable accurate data collection and was trustworthy to guarantee consistent data collection. This was accomplished by conducting a pilot study with a small group of key informants to evaluate and enhance the questions' appropriateness and relevance. A total of 5 questionnaires were emailed to the participants, who provided comments on any inaccuracies or ambiguous questions. The issues were then corrected by the researcher. Yin advises using a variety of sources of data, building a chain of evidence, and having key informants evaluate the case study report to attain construct validity. According to Yin (2003), thorough explanations and pattern matching help to create internal validity in case studies. Yin (2003) goes on to say that using case study databases and protocols and theory-based single case study designs provides external validity and dependability.

According to Creswell (2003), cluster analysis should be done to determine any variations in replies based on categories to analyse response differences. Data collected from Epworth Local board and randomly selected residents, observations, publications, information from participant interviews, and questionnaires were the main sources of data for analysis. Creswell (2005) emphasises that data should be categorised and classified to develop a common theme or argument while conducting quantitative data analysis. The data was collected and analysed by the researcher using frequency distribution tables, bar graphs, and pie charts. To determine the proportion of responders, the overall response rate of the surveys was determined. Tables, bar graphs, and pie charts were used to present data because they are simple to read and interpret, and they allow for easy comparison of results. Descriptive statistics were used because they are simple to use and provide a

representative view of all data collected because they use frequencies, averages, and ranges.

It was critical to preserve ethics throughout this investigation. The topics raised in the study are private and confidential. The study used an informed consent form to preserve the privacy of participants and interviews. Informants were neither paid nor pressured to provide information for the objectives of this study. The informants were chosen from a pool of willing volunteers and the identities of individuals who participated in the study were not disclosed. According to Saunders, Lewis, and Thornhill (2019), every research involving human participants should follow ethical procedures such as information preservation and protecting anonymity in certain instances to safeguard young and vulnerable people. During the interviews and focus groups, the researcher introduced himself, and the name of the institution and the purpose of the study. At the end of each questionnaire and interview, respondents were thanked for their time and cooperation, and it was underlined that their names would be kept secret. Respect for humans, avoidance of deceit, confidentiality anonymity, informed consent, beneficence, and integrity are among the ethical principles that guided this study, as mentioned in detail below.

Principle of Ethics during the course of this study, every participant's point of view and decisions would be honoured. Nobody would be compelled to provide access or information. According to Gray (2014), a lot of researchers lie to their subjects to obtain knowledge that they believe they wouldn't otherwise obtain if they conducted their research openly. This study would be carried out honestly, openly, and without any dishonesty.

Confidentiality/Anonymity - Restricting access to information is confidentiality. Only when a person has provided consent will confidential information be made available otherwise, anonymity would be maintained (Gray and Hay, 2006). The researcher gave assurance to the respondents that names of the participants will not be disclosed during the survey.

An informed consent policy would be upheld- Before doing the research; permission would be given. Potential implications that may develop during or after the study would be addressed to respondents, who should willingly

agree without coercion and clearly understand why the research is being conducted (Faden and Beuchamp, 1986). The researcher gained informed consent by having subjects sign and return an informed consent form.

The Beneficence form is included in the Appendix section -Asserts that the researcher should perform good research. According to Kumar (2014), one of a research's needs is to benefit the society in which it is conducted. The purpose of the study is to make recommendations on the effectiveness of property taxation system in Epworth. According to Crane and Matten (2009), integrity is the continuous application of moral principles and ideals. This study was carried out in an integrated manner, employing ethically acceptable principles through acknowledging other people's work.

The study encountered some problems specifically in the type and data format that was being sought. The exact number of properties maintained in valuation roll the throughout the period under study could not be provided. Consequently, it was not possible to isolate changes in the valuation roll caused by changes in the number of properties in the roll. The timing of payments of due taxes, corresponding penalties and arrears could not be established rendering impossible to precisely examine the impacts of collection lags. Some relevant local indicators like taxpayers' income and commercial and residential rental price index could were not in applicable.

According to Yin (2003), a case study may not be what the researcher initially believed it to be. Residential and commercial property taxation were reluctant to share data and reports out other total revenue and expenditures as it is the inside information. The Epworth residents were unwilling to provide extensive details on their procedures or financial transactions because the dissertation will be published online and available for download. Many people avoided interacting with others out of concern for catching infections. Some of the study's most important key informants were unwilling to meet in person, while others were hesitant to divulge details out of fear that doing so may give their rivals an advantage.

The preceding discussion emphasised and clarified the study design, assumptions, and research paradigm. It outlined the case study technique and explained its relevance to the study using Yin's case study principles. This

chapter is crucial because it lays out the road map for the case study research. The approaches mentioned provide for data validity, dependability, and trustworthiness. The majority of the data gathered was primary data that was triangulated with secondary data to provide diverse perspectives on the research issue. The third part contains data presentation and analysis to analyse obtained data and give meaning to it.

CHAPTER 4: Data Presentation and Analysis

The study findings were presented, analysed, and evaluated in the findings are also reviewed in light of relevant theory and literature, and the study objectives, to uncover parallels and differences between this study and previous investigations. This helps to solve the research problem, research questions, and achieve the study objectives described in Chapter 1. Data is shown using tables, bar graphs, and pie charts. To analyse data for each of the significant areas of relevance to the study that pertain to the main research issue, a summary of responses from both research instruments was employed.

We present the statistical values of responses from of the study. Out of a total number of 110 questionnaires that were distributed 90 of them were returned giving a respondent composition of 82%. For the interviews 10 were to be conducted among key informants namely, Zimra Tax Advisory officers, Epworth Local Board Administrative Staff, Town Planners and 7 were successfully conducted. This gave a response rate of 70 % for the ones that participated in the interviews. The focus of study was for Epworth Local Board and its residents which consist of 7 wards as shown by figure 1 in Chapter 1.

Table 5: Composition of Respondents (Fieldwork, 2022)

Instrument	Number to be distributed/ conducted	Actual number distributed/ conducted	Percentage rate (%)
Questionnaires	110	90	82
Interviews	10	7	70

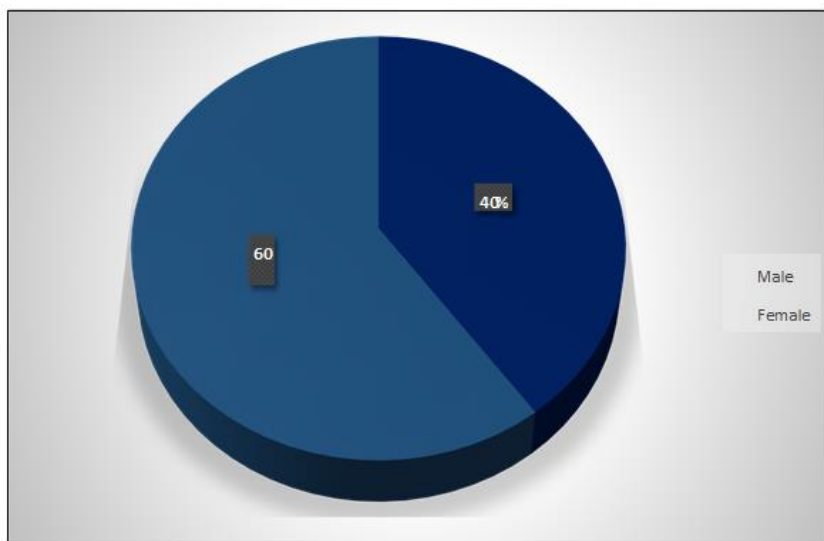


Figure 6: Sex composition of respondents (Fieldwork, 2022)

Of the 90 interviewees and questionnaire respondents, 60% of the respondents were female and 40 % were male as shown diagrammatically in the figure 6 above. This means that more female participated in this study as compared to man.

The research findings reveal that out of 97 respondents that responded the questionnaires and interviews 14% does not have knowledge about the property taxation hence the researcher was explaining the concept of property taxation and rating to those people so that they will give their thoughts. 46% of the participants were knowledgeable of the property rating as they have the background of paying rates to the council hence the researcher was well informed by this group of residents. Also all the participants for the 7 contacted interviews were all expect knowledge of the taxation and rating systems and how they operate and also obligations of rate payers and the council's role to provide services to its people.

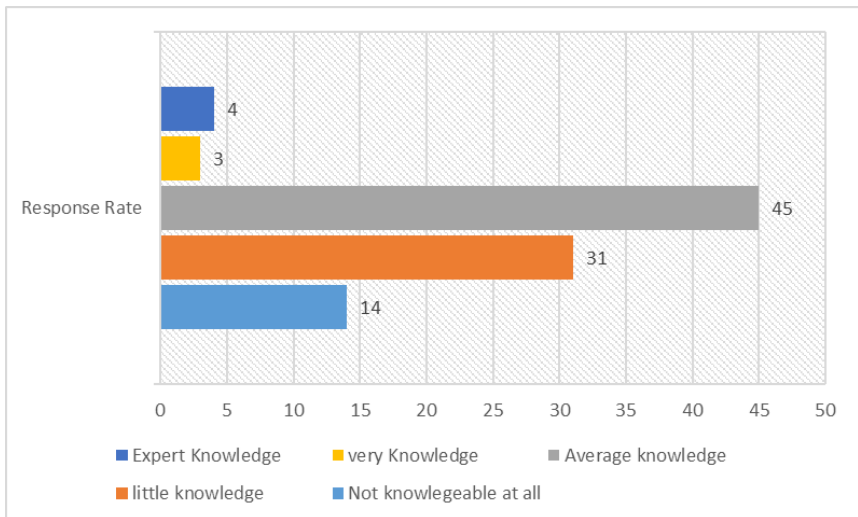


Figure 7: Shows property taxation knowledge by respondents in Epworth. (Fieldwork, 2022)

Research findings reveal that 56% of respondents are self-employed. Their monthly income is approximately 200 USD. However, some often fail to raise the US\$200 especially those involved in carpentry, selling of firewood and welding. 27% of respondents were employed and the greatest number are government employees such as teachers and some are employed in the private sector also they highlighted that their fixed monthly income is above 200 USD. 17% of respondents are not employed and they are struggling to raise 100 USD monthly. the respondents are hired in piece jobs to survive hence this group has no or have little capacity to pay rates to the local board as compared to other categories of respondents. Some respondents that are formerly employed have highlighted that they even extended their houses and they rented out other rooms which are yielding around 15 to 25 USD dollars per room this also contribute to their monthly income. The findings revealed that 57% of respondents participated in this study are self-employed; they are able to provide food for their families, making it difficult for them to pay council rates. Wards 5 and 6 are also home to pensioners and former Churu Farm workers who were transferred by the government as part of the land reform program. The majority of property owners benefitted from their holdings from a political standpoint, resulting in a lack of standardisation and

quality housing provision hence figure 8 depicts the employment status and income levels in Epworth.

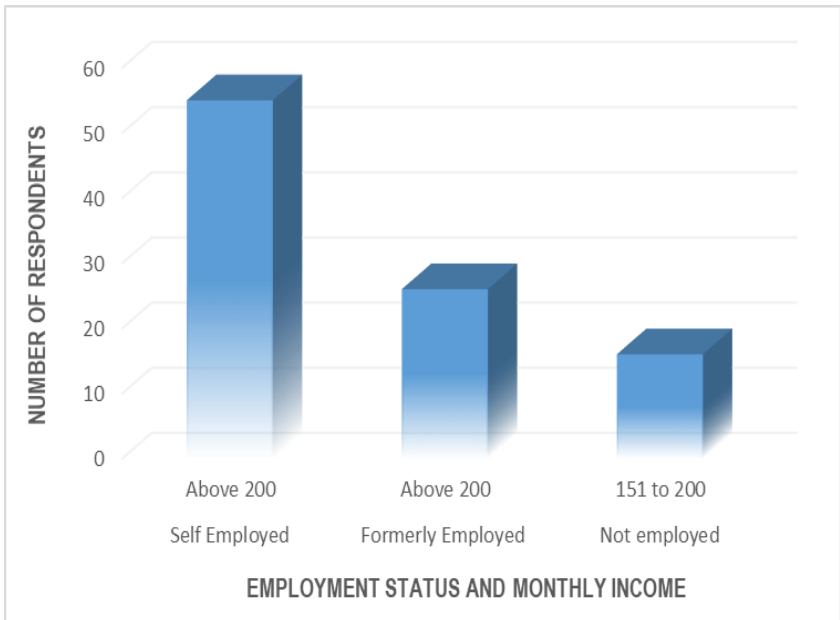


Figure 7: Employment Status and Monthly Income (Fieldwork, 2022)

According to Urban Council Act Chapter [29:15], section 247, a general valuation and assessment and a general valuation roll shall be made so that the time between the date the new roll becomes effective and the date the current roll became effective is not less than three and not more than ten years (2). Furthermore, the Minister may, by statutory instrument, extend such duration to a maximum of fifteen years in any given scenario. In cities, towns, and rural areas, councils impose property taxes. Each of these organisations regularly assesses the homes under its authority and creates an annual "rates schedule" based in part on the values. Depending on the local authorities' yearly financial budget requirements, these may change. Since there are licensed property valuers in Zimbabwe that can be procured to perform the general valuation of the properties are typically based on market

values properties. Below are taxes that are applicable in real estate transactions.

Research findings revealed that Value Added Tax (VAT) is termed as a transaction tax, the effects will differ depending on the transaction. A number of transactions are subject to VAT at a rate of 0% (from 1 January 2020; previously 15%), 14.5%, or both. There are restrictions on how input tax deductions can be used. Before executing any transactions connected to company activities, advice on the VAT consequences of those transactions should be sought. The registration requirement has increased from 60,000 that was calculated using currency based on United States dollars [USD], to a yearly turnover of one million Real Time Gross Settlement (RTGS) dollars (ZWL).

According to the ZIMRA Tax Compliance Officer, VAT is charged on each taxable supply made by a registered person. Any provision of goods or services made during or in support of a taxable activity is considered a taxable supply. A registered VAT vendor may deduct input tax credits paid in the course of making taxable deliveries to that person if a tax invoice is provided to support the deduction. In the case of a property sale transactions, it means all such transaction are due for VAT to ZIMRA but in the case of Epworth, the ZIMRA Tax Advisory and Compliance Officers they both revealed that several property transactions are no traceable since properties are changing hands without the knowledge of the ZIMRA this means there is high revenue loss for both Epworth Local Board and ZIMRA. This means that upon transfer of a property there is rates clearance and paying of all property taxes that are due to ZIMRA. They also noted that ZIMRA will be able to trace formal transactions that have been declared through the deeds office and that's where they are able to claim all the relevant taxes that are due.

Transfer duty is the other form of tax that was highlighted by the interviewed ZIMRA Advisory and Compliance Officer and it is payable on the acquisition value of property purchased at the following rates presented in Table 6 below:

Table 6: Transfer Duty Scale of fees (Fieldwork, 2022)

Value of the property (USD)	Rate of transfer duty
0 to 5,000	USD 400
5,001 to 20,000	2% of the value above USD 5,000
20,001 to 50,000	3% of the value above USD 20,000
50,001 and above	4% of the value above USD 50,000

Findings also indicate that transfer duty is normally payable by the buyer, but the agreement for the sale of the property will determine the person liable to pay these costs. In addition, conveyance costs of up to 4% (plus 14.5% VAT) must be added on. However, this is more applicable in other neighbourhoods which have title deeds and cession such as ward 1, 2 and 6 of Epworth where there was successful regularisation of settlements. The participants also highlighted that ZIMRA is also losing income in some transactions taking place in such neighbourhoods where there is no adequate property registration.

Stamp duty is one of the other property taxes which some transactions could be subject to stamp duty. The ZIMRA Officer has observed that the amount of stamp duty that is payable will vary and depend on the specifics of each transaction. The basic transactions can be summarised in Table 7.

Table 7: Stamp Duty fees Fieldwork (2022)

Transaction	Stamp duty
Bonds	0.4% (USD 0.40 for every USD 100 or part thereof)

Transaction	Stamp duty
Brokers notes - purchase of securities	0.25% (USD 0.25 per every USD 100 or part thereof)
Brokers notes - purchase/sale of any movable property other than a security	0.10% (USD 0.10 per every USD 100 or part thereof)
Brokers notes - purchase/sale of any immovable property	1% (USD 1.00 per every USD 100 or part thereof)
Off market share transfer instruments	2% or USD 2
Cheques	0.05% (USD 0.05)

For the above-mentioned transactions, tax counsel should be sought to ensure that the stamp duty calculations have been clearly considered and they have claimed it all.

Capital Gains Tax (CGT) is also the other tax that was mentioned by the key informant from ZIMRA, they also mentioned the following rates of capital gains tax are applicable in Zimbabwe on the sale of real estate or stock owned in firms that are listed (on the Zimbabwean Stock Exchange) or not purchased before to February 2019 Securities that have been listed: 1.5% of proceeds if they have been listed for at least six months, and 2% if they have been listed for less time. Real estate: 5% of sales. 5% of proceeds come from unlisted securities. acquired after February 22nd, 2019 Securities that have been listed: 1.5% of proceeds if they have been listed for at least six months, and 2% if they have been listed for less time. Property, unlisted securities, and other assets are each subject to a 20% capital gain tax.

In addition, a ZIMRA Tax Advisory and Tax Compliance Officer further explained the reasons for Capital Gains Tax, it is customary to accept property values as stated by the seller. The ZIMRA Commissioner may, however, use his authority under section 14 of the Capital Gains Tax Act to either increase the value or request a valuation report from a property valuer registered with the Valuers Council of Zimbabwe in certain situations where, in his opinion, the declared value falls short of and is outside of fair/open

market values for comparable properties. These situations could arise in, but are not restricted to property sales or transfers involving related parties where the relationship influences the finalized purchase price intentionally understating the worth of a property to avoid paying the full amount of capital gains tax. Sale of a property by private treaty in settlement of a debt where the seller may willfully understate the property's value to "free" money to pay off a debt. The key informant also indicates that Zimra is losing a lot of revenue since several properties in Epworth are exchanging hands without their knowledge because it is difficult to come up with the value of the property because the quality of houses in large parts of the neighbourhoods namely Solani, Donoro, Part of Overspill and Domboromwari as shown by the plates 1 and 2 respectively below.

Rating Valuation in Zimbabwe is based on manual procedures anchored on the 'paper, tape measure and the clipboard', thus in data capturing the valuation team measures and physically inspects all non-residential properties and assesses all residential properties (Urban Council's Act Chapter 29:15 Part XVIII). On areas where there are no developments the data capturers should refer to local authority local plans and subdivisions to at least capture the stand number, stand size and use, this aided valuation of undeveloped land. In terms of Section 250 "the basis of valuation of non-residential property shall be the Open Market Value of the Property.

Section 252 provides the basis of valuation with regards to residential properties as a general assessment which basically entails calculation of number of rating units applicable to the subject property and determination of rating zones within which properties sharing similar attributes and values are situated (citation). According to section 247 (UCA 29:15), the process of Rating Valuation involves two aspects namely (a) a General Valuation of all Non-Residential Properties within its area in such a manner as to arrive at a fair and equitable valuation or assessment having regard to the provisions highlighted in Part 18 of the same Act & (b) the General Assessment of Residential Properties within its area.

Different methods of valuation are applied on individual properties. Methods are applied in accordance with property type are; The investment method of valuation is used on commercial properties; Contractor's method is used on

institutions, industrial and government properties; Profit method is used on income producing properties such as filling stations; Different methods of valuation are applied on individual properties; Methods are applied in accordance with property type. Non-Residential Properties include, Commercial (Shops, Service Stations), Industrial, Institutional (Churches, Schools, Colleges, Hospitals). For the purpose of rating valuation of non-residential properties, the council has the right according to Section 250(2) apportion the value of the properties between land and improvements (citation). Thus, in terms of this subsection, the valuation of the property shall be apportioned as follows:

The valuation of the land shall be its value as though it were unimproved with regards to adjacent properties (S251). The valuation apportioned to the improvements shall be the value of the property less the value of land as determined under Section 251 (citation). 'The Urban Councils Act (UCA) PART XVIII, talks about the valuation and assessment of properties for rating purposes, an array of sections in this part of the act is mainly focused on the valuation procedure and considerations when valuing properties in the jurisdiction of a local authority for rating (the whole process which leads to the creation of the General Valuation Roll) (citation).

Assessment of residential properties include determine which Rating Zone the property is in; the allocated rating unit for the property's value; The size of residential properties inside the rating zone must be comparable; In each zone, there ought to be homes close to one another; Any rating zone cannot contain a single property. Following the establishment of rating zones, the Town of Clack is obligated to issue a notice in the local newspaper and to make sure that anybody may access the map showing the zones of an area comparable to the smallest stand size permitted by the current local zoning regulations in the area where the residential property is situated.

Rating Unit = *(Area of the Property)*

(Minimum Stand Size in an Area)

The Urban Councils Act [29:15] specifies the following key factors for rating valuation: Any quantity that is less than a quarter of the rating unit is to be

disregarded (0.24); any quantity that is a quarter of the rating unit (0.25) or more but less than three quarters of the rating unit shall be counted as half rating unit; any quantity that is more than three quarters (0.75) of a rating unit shall be counted as full rating unit (1); Any residential property must never receive a rating that is less than half a unit.

The Figure 9 summarise the rating valuation process that any Local Authority in Zimbabwe should follow to generate revenue through proper taxation system as provided in Urban Council's Act [29:15].

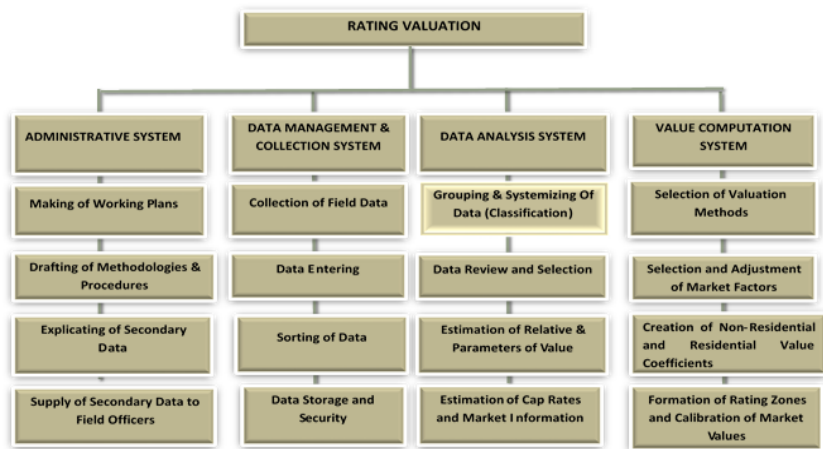


Figure 7: Rating Valuation process in Zimbabwe; (Fieldwork, 2022)

The findings reveal that, the current system that is in place being used by Epworth Local Board is not effective in the sense that the board is failing to generate bills, there are no clear defined settlement patterns, poor land records especially ward 3, 6 and 7 where the road accessibility is a challenge to several households and some houses are built in wet lands using cheap material. However, in ward 1, 2 and 5 they have managed to remap and upgrade the roads and to regularise some developments. Interviewed Local Board Town planner revealed that, the Local Board, for the past 2 years have been working on the move to regularise vending in major shopping centres in Epworth such as Solani, Overspill, Dombo and Ruben where have built Vegetable and Flea Markets so that they will generate adequate revenue through giving out leases to the venders but the response from the residents

has affected the progress to an extent of having incomplete projects and unoccupied constructed market as shown by the plate 1.



Plate 1: Vending Sites constructed by Epworth Local Board; (Fieldwork, 2022)

Plate 1 shows the unoccupied and occupied vending market which is located at Overspill shopping centre. These shows the move by the Epworth Local Board in trying to regularise the informal vending in all the shopping centres in Epworth. In addition, the researcher also observed several unlicensed shops in Epworth and the general response from the shop owners is that they claimed that, Epworth Local Board is charging high licence fee amounting to 200 USD once off yearly and monthly payments of operating of 50 USD. This means that Epworth Local Board have to adopt an aggressive approach in following their revenue to those unlicensed operators so that they will boost

their revenue from commercial properties in Epworth. 32% of commercial property owners who participated in the study explained that it doesn't make sense to pay for the license to operate I would rather sell groceries in my house that is shown on the plate where those unlicensed shops are being used for multipurpose that is both residential and commercial. The Counter response from the interviewed Epworth Local Board Administrator he revealed that "We deploy our teams on weekly basis to collect money from each and every tuckshop as their aggressive approach towards revenue collection". Plate 2 shows the pictures of licenced shops and unlicensed shops.



Plate 2: Unlicensed and Licensed Shops in Epworth; Source (Fieldwork, 2022)

The research findings on the weaknesses of property taxation and rating system in low-income neighbourhood. The figure below illustrates different sources of revenue for the Epworth Local Board.

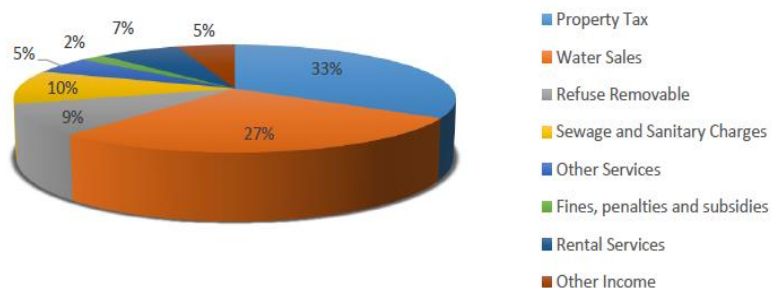


Figure 8: Sources of revenue for Epworth Local Board: (Fieldwork, 2022)

Property taxes, followed by water sales, are Epworth Local Board's two main sources of income. Property tax collections accounted for more than 40% of total income from 2015 to 2018. On the same invoice as the property tax are levies for water, trash collection, sewage fees, roads, street lights, and supplemental costs. Due to the fact that they are shown on the same monthly statement, these costs are paid together at the same time and are proportionally reduced by a single payment. A person cannot pay water or property taxes without also covering the remaining service fees. The word "other income" refers to money from sources such as advertising, parking, stand sales, and bus terminal fees. Although property taxes generate the majority of income, in Epworth they are yielding less money due to, among other things, the following factors; a number of reliefs and exemptions; Inconsistencies in value and an inability to update the valuation database little administrative resources and apparatus; inadequate record-keeping and inaccurate land records; Problems with enforcement and collection, a lack of political backing, and interference from the government with revenue collection.

Fair and effective property taxation and assessment system for the long-term is the way to improve the effeteness of the property rating and taxation system in Epworth. Transparency and accountability are the foundations of a just and efficient taxes and assessment system. Taxpayers need to be aware of the services they are purchasing and the cost of those services. Additionally,

there is a need to comprehend the link between service costs and the tax rates set to fund service delivery, and the responsibilities played by the province and municipal governments in determining those rates. In a similar vein, it is important to comprehend how market values impact property assessments and how those values translate to specific property assessments.

In addition to the operation of the system for taxing and valuing real estate, there is also the matter of fairness. Perceived disparities are produced by how various property categories are treated differently within the province. The methods for paying property taxes and the appearance of property tax invoices must also be taken into consideration. Despite Epworth's complex property assessment and taxation system, a long-term plan will be developed to reduce it and achieve equality and transparency. In Local Service Districts, the imposition of taxes on different property kinds leads to perceived disparities, hinders cost-sharing and increased collaboration, and discourages community reorganisation. The system of property taxes and assessments is convoluted and challenging to comprehend.

The alternative property taxation theory provides insights of theoretical and practical arguments in favour of property tax in developing countries. Because its implementation does not change the decision to invest in and supply in the form of human and physical capital, it supports the idea that property taxation is more effective than other tax systems, such as consumption and income taxes. This is due to the fact that a wealth tax, as opposed to a tax on productive endeavours, preserves incentives for positive behaviour and could even stimulate greater productive use of land and property. According to the study's results, Epworth does not have a foundation for taxing since there is not an improved settlement or suitable titling of properties that is in line with the theory's premise that taxation must have a basis.

The idea that there should be fair property taxation that must be taken into account as a progressive tax since land and capital, in general, are owned by very rich persons is supported by the theories that are now accessible, such as public choice theory. As a result, those with moderate and high incomes will probably be responsible for paying the tax. Results in Epworth show that there is no consistent charge of property taxes since only 32% of the people

pay rates and there is no equitable property taxation in Epworth as a result of inadequate land records.

Administrative advancement demands the creation of orderly, systematic record keeping, and the collection of precise data on land and properties that may lead to broader administrative advances. Property tax is typically seen as a solid and consistent source of income for local governments since the tax base is geographically fixed and paid by residents with limited movement. Due of their physical immobility, properties are generally easy for governments to find and tax, especially in regions with little administrative capability. Property tax is advocated as a means of transparency and accountability since it is very visible to taxpayers and, in principle, relates to improved municipal services. Because of this, it has the exceptional potential to act as a framework for negotiations over taxation and public expenditure between citizens and governments, therefore raising the responsibility of decision-makers and local politicians.

The efficiency benefit of property tax resulting from the tax base's immobility only applies to land and is not often applicable to buildings, especially movable non-residential structures. Applying property to businesses who, on average, use more real estate as a production input, for instance, may have a distorting effect on how, where, and how much they spend. When structures are taxed more heavily than land, it may be less likely that buildings will be maintained, especially if improvements to buildings are seen to boost the tax base. Furthermore, taxing new and well-built structures more heavily than slums may impede new building development that might impede urbanization or city growth.

In conclusion, research findings presented that there is no proper taxation system in Epworth which records transactions, so that it will full file provisions of the alternative bas theory and public choice theory because, only 32% participants in this study revealed that they pay rates to the council sometimes as they wish to pay.

CHAPTER 5: The Legislative, Property Taxation and Rating Systems in Zimbabwe

The legal frameworks that are now in place for Epworth's property taxation and rating system are presented in this chapter. Additionally, it offers suggestions for potential legislation and suggests measures to increase the transparency of tax collection, both of which will be advantageous to the citizens of all seven wards of Epworth and the local government.

Epworth Local Board is guided by Urban Council Act when it comes to the property rating system as discussed in Chapter 5. Hence this act of parliament coupled with the Valuers Act provides guidance on how to value properties. According to the research findings several households are substandard and the largest population in Epworth are living in poverty. Therefore, property taxes should be modified based on income, including exemptions for the very poor. Additionally, doing so would reduce the assembly's transaction expenses for taxes that it ultimately won't be able to collect. Epworth Local Board ZIMRA and the Ministry of Local Government may all play a leading role in this initiative to demystify governmental offices and make them accessible to everyone.

Increasing the capacity of field technicians and the amount of valuer research findings also highlighted that there were Epworth Local Board they are only one skilled and qualified valuer, and the public sector finds it difficult to recruit and retain these in-demand professionals. Estate valuation services provided by private organisations with improved service conditions are in increasing demand in Zimbabwe. Valuers Council of Zimbabwe should finance recent graduates for additional training in rating valuation, and technicians should get internal training on cutting-edge valuation techniques to broaden their perspectives and develop their abilities. According to Urban Councils Act (Chapter 29:15), and council property valuers might also work with companies from the private sector to determine property values, set rates, and gather taxes on their behalf.

When all properties are subject to the same legal tax rate, the only factors that affect the property tax obligation are variations in the value of the

individual properties. Therefore, a high value residential property would cost the same as a business or agricultural property of comparable value. The tax would be really "ad valorem," meaning that it would be based simply on the value of the property, not on the many land uses or types of ownership. Any differences brought about by factors like location, size, property use, and ownership rights would be reflected in the property value itself.

An administratively more manageable rate is one that reduces discretion in the process of assessing tax payable and simplifies administration. In many developing countries with loose zoning and land use rules, tax officials must exercise discretion to categorise and select the appropriate tax rate for each property use when properties have multiple uses, such as a residential property that also functions as a medical clinic. Discretion can lead to the erroneous application of the anticipated tax rate policy that can lead to lost revenues, equity concerns, and ineffective operations in the absence of clear accountability supervision systems. Therefore, if possible, it is advocated that emerging countries use a consistent tax rate.

The property tax rate can, however, change depending on the use and tenure of the property in many nations that employ a categorised system. Although there may be sound policy justifications, it seems that the implementation of unequal tax rates frequently may be motivated by political considerations. For instance, lower tax rates on agricultural land give agriculture a subsidy, relieving pressure on agricultural properties on the periphery of cities to be converted from agricultural to urban land use. Increased tax rates on commercial and industrial properties are frequently justified as "fair" based on the business's "ability to pay" as a cash-generating enterprise and with the justification that the business properties are not fully reimbursing the government for the benefits they received.

The selection of the tax rate structure is the second crucial policy decision. Again, there is variability throughout the world. Chirisa (2013) has observed that some governments impose a single, uniform tax rate (either on a percentage basis or as a unit rate), while others impose varying rates on various property categories or uses (a classified tax rate structure). Others still impose the tax at a graduated rate, charging properties with higher values at a higher marginal percentage rate. Other nations mandate the use of

a uniform tax rate but permit valuation assessment ratios to differ according to the category of property, therefore allowing for a categorised effective tax rate structure. Epworth residents have a duty to comprehend the connection between the stated statutory tax rate structure and the underlying effective tax rate structure given the frequently complicated structure of the tax obligation assessment process.

The suggested changes are listed below. There is need to stop political meddling in property ratings. Property rating is politically sensitive because it affects political elites, sympathisers, and voters in addition to property owners. Politicians may not like tax increases because the taxpaying public frequently threatens to remove them from office. This demonstrates how reluctant politicians have historically been to review taxes. The government appoints metropolitan, municipal, and district chief executives. To shield devoted followers from having to pay taxes in exchange for political favours and they have interfered with municipal taxation. The fact that all municipal taxes are politically established should also be noted. However, for local taxes to be recoverable, they must enjoy broad popular support.

Use information and communication technology (ICT) for property grading, the property rating industry would benefit greatly from computer-based rate administration, though a top-notch paper-based backup system is still advised in case of power outages. The use of CT would make it simple to collect, save, update, and query data. It may also be used to check for corruption and the theft of rating income. By utilising computerised assessment and satellite-assisted mapping software, it would also permit rapid and affordable revaluations and valuation list updates (Bird and Slack, 2003). The benefits outweigh the initial installation costs, and by using computer-assisted mass appraisal techniques (FAO 2002), a large portion of the work can be completed by individuals with only the most fundamental IT and statistical skills. The burden would be reduced while efficiency, accountability, and openness would all rise. Additionally, since a valuation list is a very large database, another advantage of ICT is that it will enable data to be replicated in a variety of formats. The FAO (2002: 35) emphasises that ICT by itself cannot assure data quality or serve as a replacement for organisational and valuation capabilities. Additional local financial resources

are required for the purchase of computers, networks, storage, and staff training.

Send the tax payer's payment locations closer; property owners who admitted to having paid property taxes at some point in the past grumbled that while paying at the municipal revenue office was more convenient, paying to the rate collectors was riskier. This study suggests decentralised rate collection in response to their request for payment locations closer to them that will decrease default and increase realised revenues. This service might be advertised by frequent radio announcements, mobile van reminders, and neighbourhood volunteer teams. Property owners feel more comfortable making payments to people they know and trust. Initiatives to promote self-reporting would be advantageous, such as making sure that the money raised is allocated for certain public goods and services in the neighbourhoods where the property tax was collected.

In developing countries where commercial properties may not be fully covering the costs of the local services received through user fees and local level income and consumption taxes, the case for levying a higher property tax rate on commercial properties as a "benefit tax" for locally provided public services may be stronger. Some countries have chosen to apply progressive tax rates depending on the value of each property, including Colombia, Bolivia, Chile, Guatemala, Peru, Brazil, Egypt, and India. To shift the cost of paying property taxes to those properties with a higher "ability to pay," progressive rates are justifiable. However, there is minimal connection between a property's value and taxpayer income, raising doubts about this argument's viability. That example, many low-value properties are held by affluent taxpayers, but higher-value properties are owned by taxpayers who are "asset rich but cash poor."

The majority of nations reserve the use of progressive tax rate systems for their income taxes and do not utilise them for property taxes. The Republic of Korea is the only nation to have implemented its national-level Comprehensive Real Estate Holding Tax that is levied in addition to the standard property tax, successfully on the comprehensive value of all land and residential properties (Chirisa 2013). The Korean government is able to correlate property ownership data with family registration records to

aggregate total property holdings for progressive taxation. To gradually tax immovable property in a comprehensive way, however, is administratively unfeasible in the majority of countries since it is practically impossible to fully link assets to individual owners. In reality, the Korean government announced in 2008 that it will progressively replace the Comprehensive Real Estate Tax with a tax on the rich, with immediate administrative changes starting in 2012. (Chirisa, 2013).

To provide transparent and accountable revenues, most nations seek to use simpler property tax rate systems rather than taxing properties under a progressive rate structure. Even nations that used complicated progressive rates in the past are switching to simpler tax rate systems. For instance, Jamaica changed its annual property tax from having a complicated progressive rate structure to a straightforward flat rate structure in 2005 to simplify the tax rate and increase tax payment compliance (Chirisa, 2013). Getting rid of a progressive rate structure can offer the following benefits: First off, it might make it less appealing to divide up a piece of property for tax reasons alone. Second, it may reduce the tax burden on properties with high value that might promote higher levels of tax compliance. Thirdly, it can solve the issue of "bracket creep," which occurs when properties inevitably move into higher tax categories as their values rise on their own, unless the brackets are linked to the overall rise in property values. Fourthly, it may be simpler to change the pace over time (Sjoquist, 2004).

To be effective, government policies regarding the tax base and tax rates must be applied consistently, responsibly, and openly. Success in the implementation is based on the effectiveness of tax administration that is covered in more detail in the next section. Examining Coverage, Valuation, and Collection of Taxes The phrase "Tax Administration is Tax Policy" is now widely known and emphasises the significance of tax administration in achieving tax policy goals. Although choosing a tax policy is undoubtedly important, putting that policy into practice is always more difficult, especially in developing countries with limited administrative capacity. Present key finding from Epworth, then compare it with literature.

The administration of property taxes is particularly labour-intensive and needs proactive, purposeful tax base identification, tax base valuation, tax

obligation assessment, tax billing and collection, tax enforcement, taxpayer service, and taxpayer dispute settlement (Mikesell, 2007). These many administrative tasks must work together to promote the fulfilment of the income, equality, and efficiency goals. The collection function is what turns potential tax revenue into actual revenue, even though all administrative functions play a role in defining that potential. When creating administrative priorities and sequencing property tax reform implementation strategies, reformers need to be aware of this crucial role of the collection function. Present key Epworth finding and compare it.

To improve administration efficiency, property tax offices throughout the world are arranging themselves along functional tasks. Specialization is made possible, and chances for collaboration and conflicts of interest are diminished. Treasury operations are distinct from fiscal cadastre tasks that include identifying and valuing tax bases (such as tax liability assessment, tax billing collection, and tax enforcement).

In addition to taxpayers reporting on their own property information, countries often require third party public and private sector institutions and persons to timely disclose their property-related information to the tax department. These third-party organisations and individuals would include the Ministry of Public Works, Ministry of Public Housing, Ministry of Lands, Surveyor General, Titles Registry, and all private sector businesses like utilities, real estate agents, rental agencies, notaries, lawyers, banks, and others.

If this information is not provided, penalties ought to be implemented. The initial phase of this partnership approach entails determining the minimal amount of property-related data that is necessary, designing the data collection mechanism (either manual or digital), and putting into practice a methodical collection, processing, and analysis of the information from taxpayers and third parties, along with the necessary awareness-raising, information-sharing, and support campaigns. The property declaration/reporting form need to be straightforward, easy to use, and strictly confined to the data required to create and maintain the fiscal cadastre. It is exceedingly expensive to acquire information that is not used to increase coverage, value, and collection ratios.

The government must also take a proactive stance when creating a tax registry from scratch, updating one that hasn't been updated in a while, and/or when performing a significant reassessment of a property's value. Simple, field-based procedures are increasingly being used, as demonstrated, among other places, in the Philippines (Dillinger, 1991), Indonesia (Kelly, 1996), and most recently, Somaliland. There are compelling reasons to include the central government in fiscal cadastre maintenance tasks, such as property valuation, to benefit from economies of scale, assure fair treatment in application, and get around capacity issues (Mikesell, 2007). Many nations rely heavily on either the federal government (Colombia, Jamaica, the Bahamas, Kenya, and Uganda) or state or provincial governments (the US states of Maryland and Hawaii, Canada's British Columbia and Ontario, Mexico, and India) to directly support the property tax cadastre and valuation. Other nations (including the US, Mexico, New Zealand, and Malaysia) rely on central and state governments to establish and oversee the fiscal cadastre and value standards (UN-HABITAT, 2011; De Cesare, 2012). According to the subsidiarity concept, each nation should "unbundle" its tax administration operations and delegate pertinent duties to the appropriate level of government.

This chapter presented the legislative framework that governs Epworth Local Board and possible recommendations that has to be one by responsible authorities such as ZIMRA, Ministry of Local government to improve housing standards in Epworth as they are hindering the process of successful property taxation system implementation in Epworth. Urban Councils Act (Chapter 2019:15) and Valuers Act (Chapter 2017:18) are there to govern and provide the professionals when conducting property valuation for taxation.

CHAPTER 6: Problems to Property Taxation and Rating in Epworth

This chapter presents results from the field about the challenges being faced by Epworth Local Board's property rating and taxation system. The researcher learned about these issues through the key informants.

The research findings revealed that, the absence of land records, immovable property taxes can be evaded because there is no proper documentation of information. By their very nature, immovable assets are nearly hard to conceal. The issue is that since recurrent property taxes demand a complete and accurate inventory of properties, such assets may not be reported to the Local Board. Key informants revealed that, there is absence of a cadastre, where properties are listed, and a register of property ownership that keeps track of transactions and identifies taxpayers. The efficiency of recurring property taxes is based on the standard of land management, as stated by Slack and Bird (2014) in their findings from the study of property taxation in peri-urban areas in Ghana. Findings from residents and Epworth Local Board officials revealed the existence of informal transactions. This suggests that the cadastre may not accurately reflect what actually exists on the ground and that informal construction threatens the accuracy of the land registration that may not be an accurate record of land ownership. The town planner for Epworth Local Board stated that the revenue base for both Epworth Local Board and ZIMRA's taxable income is being impacted by the expansion of the illegal land market that affects the transfer of property rights.

The research findings also indicate that there is inaccessibility of data of the transactions that are happening in Epworth as they are selling properties without the knowledge of the council or without the involvement of the qualified Estate Agents to handle their transactions. This means that, property tax and rates are charged where there is full proof of transaction pricing that is value-based. This implies that, all relevant information on sales prices, rents, and yields is required by the Epworth Local Board depending on the tax base whether it is the yearly or capital value and how the market functions whether access to property is by buying or renting it.

In real practice, value-based property taxes use transaction prices for properties that have changed ownership to estimate comparable property market prices. Statistical models are created from mass valuation systems that are frequently used to determine the key factors influencing pricing and their effects on it. Interviewed ZIMRA Tax Compliance officer acknowledged that, they demand that purchase prices be disclosed when transactions are logged, the register provides an apparent source of transaction price data. Similar to this, declarations made by purchasers and sellers should provide a database of property values if there is a property transfer tax. If notaries are required to handle transactions, they must be aware of how these fees are affected by transaction pricing.

In addition, obtaining thorough and accurate inventories of properties, their features, and high-quality data on transaction pricing is a huge job that necessitates a large initial expenditure. This is prior to working on modelling values, generating assessments using the models, and charging taxpayers. The administrative staff of Epworth Local Board revealed that, once the functional property rating system is in place, economies of scale will result in low administrative costs as a share of tax revenue and low valuation costs per property. The assumption that the tax rate would be set at a level that justifies the system's investment is implicit in the creation of value-based recurrent taxes.

To reduce default rates and collection costs, collection processes may also need to be enhanced. This was highlighted by the administrative staff of Epworth Local Board that, that in order for the transition to value-based recurrent property taxes and the administrative effort required to succeed, and to ensure that resources are made available for completing the tasks, there must be significant political support. Lithuania is a remarkable example of a country that successfully transitioned from an area-based system to a value-based recurring property tax (Almy, 2016). However, 32% of residents revealed that implementing a value-based assessment is not feasible in Epworth due to lack of property title, adequate services and standardised housing patterns. Since it was deemed to be unlawful in 2014, Slovenia has not adopted a well-designed value-based property tax system (Bibrik, 2016). Most rural properties in Moldova were not affected by the reforms since the transition from area-based to value-based property taxes (Chirisa 2013). The

problem was that while local governments would benefit from increased revenue, the central government would bear the bulk of the costs of expanding the system, particularly those associated with completing initial registrations for rural properties. The government has less resources because of financial constraints. At the time, it seemed as though policymakers were unaware of the connection between local government finances and the government's overall finances and the need to invest in raising recurrent property tax income. Epworth Local board reported that, they welcomed the decision that was made by the government to accept a World Bank loan in 2018 to finish initial land registration, enhance the cadastre, and expand the mass valuation system should result in the completion of the switch from area-based to value-based property taxation.

The research findings reveal that, in Epworth there is weak property tax enforcement which results in low collection percentages. Actual collections as a percentage of liabilities or invoices have been reported by the Local Board 2021 performance report that their revenue has dropped by 5% as compared to the previous year as a result of lack of cooperation from the residents of Epworth. This means that a low collection ratio may result from the tax being collected by local authorities who may have a political incentive to forgo effective collection efforts, and from expected penalties being too low. Additionally, when transfers from the centre account for a significant amount of local expenses, they may have a negative incentive effect on effective local tax enforcement. Any property tax reform that aims to increase the yield of the moveable property tax must take these administrative difficulties into consideration. In this paragraph, present findings from Epworth first before discussing international experiences

According to study findings, income taxes and the VAT are property taxes that are highly difficult to self-assess, with property owners having to provide an assessed value to their own property as shown in Box 4. This involves quite significant administrative costs because of the strict informational and record-keeping requirements, and the need for an efficient valuation system. As previously mentioned, a major issue in almost all developing countries is the lack of certified property assessors or valuers. The administrative challenges might compound one another if they are not adequately addressed, increasing the cost-to-revenue ratio of property taxes. The revenue equation

above makes it clear that a combination of poor coverage, value, and enforcement ratios will worsen one another, further amplifying their negative influence on yield. Additionally, it is sometimes essential to make an upfront expenditure to upgrade the administrative infrastructure required for an efficient property tax (establishing registration procedures, a cadastre, introduction of IT systems, and training programs). Again, in this paragraph, present findings from Epworth first before discussing international experiences

Property transfer taxes can have detrimental repercussions beyond their efficiency costs, perhaps making other valuation concerns much worse. Transfer taxes, sometimes in the form of stamp duties, are common in many countries, including in developing countries, for a variety of reasons. However, high property transaction taxes may encourage buyer-seller cooperation to undervalue properties when they are sold. By 'thinning' the market by reducing the overall volume of transactions, they exacerbate valuation issues and automatically undermine the value of property transactions as a key source of information on current market values for the cadastre. High transaction costs may hinder labour mobility that might have a negative impact on economic performance. Present key Epworth findings compare them with literature

Regular valuation is of great concern as they have a bearing effect on the revenue outcome for the local authorities despite the presented difficulties in low-income neighbourhoods such as Epworth. Once a land information system (Cadastre) has been established means that data will be available and it is crucial to keep updating it regularly for the purpose of property taxation and rating. This is because findings revealed that properties in Epworth have no title hence difficult to deliver market value for such properties coupled with the quality of housing structures. However, valuation issues typically result in tax value estimates that are far below market prices because of lack of centralised land information system. Low assessment ratios, or the ratio of assessed tax base to real market value, appear to be the norm for all of the common valuation techniques used in some properties in other neighbourhoods. According to Bahl (2009), many developing countries are drastically undervalued, with assessment ratios ranging from 25 to 50 percent in some Indian cities (rental value) and a wider range of 10 to 90 percent in

some Latin American cities. Another striking example comes from Fischel (2016), where the tax base for taxpayers who keep business books is the property's book value that is typically much lower than market values; an analysis carried out in one municipality reveals that for 83 percent of the properties, the book value is less than 50 percent of the market value (with 31 percent of properties lower than 10 percent of market values).

In addition, administrative staff at Epworth Local Board revealed that, they do not have a registered valuer to do valuation yet it is one of the key skilled personal who should give advice with regards of the relevance of valuation for taxation for all the properties in their area of jurisdiction. Hence the Local Board requires qualified valuers that are capable of assessing the worth of land and/or buildings at fixed intervals for taxation purposes. Most municipal governments in Zimbabwe such rural District Councils, Goromonzi Local Board, Zvimba Rural District council and others do not have the adequate skills and resources to manage such a model (Chirisa, 2013). Property registers and valuation rolls are frequently out-of-date or non-existent as a result of a bad tax policy and ineffective management. The fact that many cities lack street names and house numbers makes the matter worse. The administrative resources and tools needed to locate, evaluate, and assign a value to the taxable property are frequently few. In general, billing, collection, and enforcement are poor. The main obstacles to the creation of efficient property tax systems, however, are frequently far more political than administrative. Usually, significant legal exemptions reduce the tax base.

In conclusion, this chapter presented findings on problems of property taxation and rating system in Epworth some of the key highlighted problems are poor land records, lack of competent valuers, political interference in administrative operations of the Local Board and lack of sufficient resources to complete the settlement upgrade so that the neighbourhood will meet property development standards so that they can be able to have title. Hence the discussions supported the findings and the available literature with regards to the problems of property taxation system in low-income neighbourhoods in developing countries as presented by several cases and literature in chapter 2.

CHAPTER 7: Prospects for Property Taxation and Rating System in Epworth

This chapter provides information on the findings regarding the potential for an enhanced functional property tax and rating system. Epworth Local Board administrative staff, ZIMRA Tax Compliance and Advisory officers and 32% of partially knowledgeable residents who responded to questionnaires and interviews that was done by the researcher.

20% of respondents revealed that the Epworth Local Board identified the primary income sources that are included on their monthly bills as being the following water, waste disposal, sewerage fees, roads and street lights, fire levy, supplemental fees, and assessment rates. These responses were from ward 3 where there is functional sewer system which was upgraded by the Local Board. They also highlighted other sources of revenue that the Local Board can boots that is, equipment rental, burial costs, plan approval costs, inspection costs, development permits, cession costs, waiting list costs, clinic costs, sewer connection costs, water connection costs, flea market costs, liquor sales costs, and other fines totalled 45% of the total.

According to the local government's enabling legislation, the process of property rating and taxation involves competent appraisers or valuers assessing landed properties with the goal of invoicing and collecting rates from the occupiers or owners of such evaluated properties. Property rating, sometimes referred to as tenement rating, is the fee or tax imposed on the owners or occupants of rateable properties or tenements. It is a type of tax or rate that is imposed on privately owned real estate with the aim of covering local government expenses and maintaining the essential services currently provided within the affected local government region.

ZIMRA Tax Compliance officers revealed that, there is need to do campaigns to raise public awareness are required to promote citizen participation in paying property tax. Also the administrative staff from the Local Board claimed that political leadership of the council is anticipated to play a key role

in conducting public awareness. The common problem that was raised by respondents in Epworth is lack of cooperation from residents in payment of rates and property taxes. Hence, residents are informed by the publicity regarding the Epworth Local Board goals, the next steps, and most importantly, the basis for their tax obligations, and their rights and responsibilities to the council and other residents. A consistent and repeated message is needed to emphasise the connection between taxes and the advantages of development. For example, Overspill residents have been educated by the Local Board to make use of the vending market that was recently constructed at the shopping centre and also the uptake of the vending tables within the market was observed by the researcher. The Local Board proposed to implement several range of publicity strategies that including radio programming, public ward meetings on the weekends in neighbourhood schools and other locations, street theatre featuring youth groups, street banners, newspaper articles, announcements at nearby mosques and churches, and even the use of a town crier. A campaign is required at each and every ward, although the intensity might increase during the collecting phase of levies from the residents also they should work on settlement upgrade. Therefore, increased engagement will result from a special informational gathering with this invited group to introduce them to the Council and solicit their support. Organisations from the civil society will actively participate in the awareness campaign and contribute. They might be urged to exert pressure on the Council to carry out public works and to increase transparency.

Epworth Local Board respondents expressed that there is fall in rate collection in the area and they have to utilise tax collectors to enforce residents to pay property taxes, rates, licences. This approach tends to concentrate on the weak, marginalized, and underprivileged, who frequently have a mistrust of authority. This strategy can impede growth and create chances for corruption. Residents can feel more secure knowing that money is being handled transparently thanks to this system that also ensures more accurate payment recording. The payment is made at the local board locations where the tellers have received training to identify key information and number of the property, the street address, and the name of the owner. There

is need of a daily reconciliation with council records since the Local Board respondents explained that there are poor land records within the data base of the council to complete all necessary form of property taxation discussed in the literature.

Besides that, responses and the local authority's records, no one has ever paid for services provided by the local authority. According to Epworth Local Board figures, just 100% of its debtors that have been recorded in the debtor's book since February 2015 have not been settled. Residents of wards 1, 2, 6 and 7 are the main offenders. However, ten respondents said they occasionally pay their bills, while twenty-six said they always pay for the services the local authority provides to them and sixty-one they highlighted that they have never paid anything to the local board since 2015. The frequency of residents' payments is shown in Table 8.

Table 8: Frequency of payment of bills by residents (Fieldwork, 2022)

Frequency of payment	No of Respondents	% Response rate
Always	10	10
Sometimes	26	26
Never	61	64

The justification for paying rates and taxes to the local board, out of 97 participants only 10 respondents said they paid their bills because they understood that doing so would enable the municipality to offer the residents better services, and 26 respondents said they do pay sometimes because they felt it is the proper thing to do. The remaining 61 respondents stated that they do not pay for their services out of concern for the Local Board repercussions.

Further investigation found that some of the Epworth Local Board's properties are owned by low-income individuals, but that this fact is not taken into account when creating yearly budgets. Property owners' payment of rates is significantly influenced by the income levels of the ratepayers. The interviewees also mentioned how important politics were to local governments' ability to effectively collect taxes.

Four interviewees stated that poor transportation is a barrier to improving tax collection. The Finance/Treasury department that is in charge of tax collection, lacks a means of carrying out its duties because of inadequate use of ICT. The department is forced to rely on stand sales where they are parcelling out residential and commercial stands so that they finance and pay salaries to the Local Board Staff. They mentioned the understaffing of the Credit Control team within the Board so that they improve their debt control activities. They also showed that the administration of the tax collection system requires a significant reinforcement of staff since Epworth Local Board lack appropriate manpower for collection. Additionally, 21 respondents said that lowering labour turnover and employing qualified workers would improve the problem. Twenty-four respondents said developing good communication and resident awareness initiatives would improve the issue, while thirty respondents thought maintaining proper controls in the tax collecting process would raise income inflows.

To calculate the amounts that each taxpayer will be required to pay based on the relative property value to other taxpayers, property tax valuation is required. This suggests that the main goal of property valuation should be to promote tax equality, i.e., that properties of similar worth should pay taxes at rates that are consistent with their values, rather than to establish the exact level of tax liabilities. A policy decision based on property tax rates should determine the exact amount of income to be collected through property taxes. Instead of depending on an adjustment to the absolute or relative property prices, the government could raise tax rates if it requires more tax income in a given year. The research findings revealed that there is no valuation roll has been done by the Epworth Local Board because of poor land information system, lack of property data, high informal settlements, poor housing standards which complicate the valuation for taxation process. All these challenges have been supported by available literature hence it's high time for Epworth Local Board to implement some models proposed by the study and recommendations to improve their revenue collections from its residents.

This study focused on improving efficiency so that revenue collection staff could use a geographic information system to pinpoint the locations of

compliant taxpayers and those who are in default, boosting taxpayer confidence that receipts generated directly are genuine and their money is captured in the system without forgery. Since all data is kept within the system, there is no need for negotiations between taxpayers and personnel at this facility that supports recovery efforts by the council. This is supported by immovable property tax theory which provides the room and allowance to do valuation for taxation for immovable properties and also it is supported by the findings provided by the Urban Councils Act Chapter 29:15 part XVIII which give a detailed outline of valuation for both commercial and residential properties for taxation purposes.

The improvement of income inflows may be aided by the reduction of corruption among municipal employees by the provision of higher compensation. According to statistics, the majority of people believe that once they pay for something, their money will end up in the wrong hands and that paying for services amounts to supporting misappropriation of public funds. This claim is supported by media reports that there is informal parcelling out of residential stands in Epworth by Councillors and this was the political move to gain voter support and this was done towards 2018 elections. The other real-world instance that occurred in these councils is when the minister dismissed seven senior members of the Chipinge Town Council on September 6, 2012 due to allegations of corruption and theft of public monies. According to the same publication, the Gokwe Town Secretary was sacked after being found guilty on four charges of corruption.

An effective communication strategy, the provision of metered services, precise invoicing, and debt and credit management are crucial elements of revenue improvement sustainability, according to secondary data. In this case USAID developed the following revenue enhancement model to go into more detail about these components that Epworth Local Board can implement in order to maximise their revenue generation that is recommended by the study to be implemented by Epworth Local Board to improve their revenue collections which is shown by figure 10.

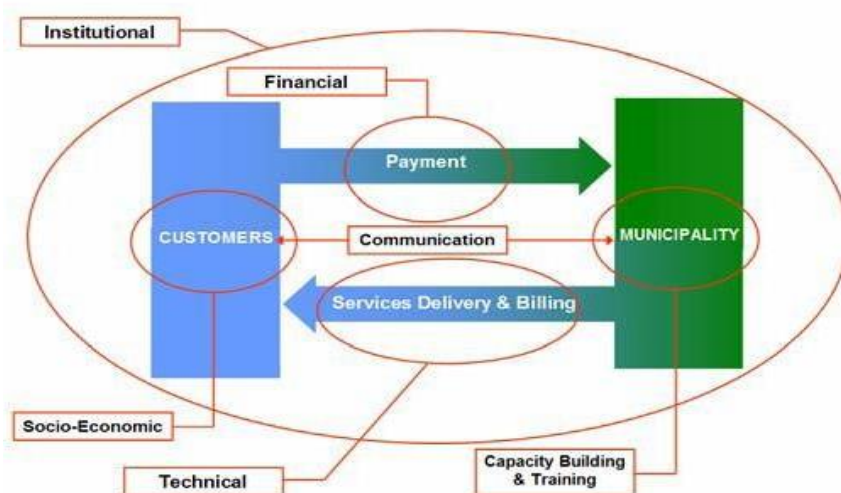


Figure 9: Revenue enhancement model; (USAID, 2006)

The concept emphasises increasing revenue collection, minimising waste and expenses, and decreasing uncollectible debt. Building long-term sustainability for local authorities requires a strong communication strategy. The argument is on the reluctance of Epworth Local Board to implement this model to improve their property tax cash flows but the administrative staff revealed that they have no financial muscle to implement such model hence they need assistance from the Ministry of Local Government. The exchange of information should make it easier for customers' expectations and municipal aims to be aligned. If local governments are to gain from the adoption of the revenue enhancement model, capacity building and training are crucial. Technically, local governments should be well-equipped to offer high-quality services and precise billing.

Additionally, to correctly estimate income collections, budgets must take into account the socio-economic context of the population. For instance, separate taxes might be applied to residential areas with high, medium, and low densities. It is essential to have a comprehensive strategy as the Local Board to use sustainability measures to ensure that all of the aforementioned important factors are concurrently addressed. Each of the performance

categories that were mentioned above will help with the execution of a successful revenue enhancement strategy. If one of the aforementioned elements is skipped, the success of a Revenue Enhancement Project's implementation will suffer. Comparing Epworth Local Board's revenue sources to those found in earlier literature, there aren't many differences. The previous studies by Chirisa (2013) listed additional revenue sources that Epworth Local Board does not benefit from includes tourism, water harvesting, the sale of plants and bus terminus fees.

In conclusion, this chapter has presented opportunities of property taxation and rating system in low-income neighbourhoods. Research findings revealed that there is room to grow revenue for Epworth Local board and also they can implement the revenue enhancement model so that they can follow up their rates and taxes from both residents and commercial property owners in Epworth. Available theories and literature discussed in Chapter they have a strong link with the research findings as discussed in this chapter hence the following chapter discusses on legislative strategies that can be implemented to improve revenue generation of the Epworth Local Board.

CHAPTER 8: Conclusion and Policy Direction

This chapter provides a summary of the entire research project and the conclusions and recommendations to the challenges that are affecting the Epworth Local Board to fully utilise property taxation and rating system.

Property rating and taxation system in low-income neighbourhood has several obstacles before it can fully realise its potential to be a significant source of income for Epworth Local Board. The difficulties outlined in this study have prevented the contribution from being even greater. However, the experience of Epworth Local Board demonstrates that property taxation and rating may yield up to 60% of its annual income. Although Epworth Local Board may have particular difficulties, they appear to be the same as those faced by other local authorities around in Zimbabwe. Some of the highlighted challenges are lack of enforcement of the law against defaulters, problems in funding revaluation surveys, a staffing shortage, poor land records, lack of funding from the central government to perform general valuation of their existing properties in their area of jurisdiction and the poor technical skills of the few people that are available.

The research findings presented the property taxation and rating system being used by Epworth Local Board is ineffective. The evidence available shows that, here is poor rate collection and an informal property market where properties are changing hands privately hence both ZIMRA and Epworth Local Board are losing out revenue from such illegal activities. Epworth Local Board is having operational issues that are mostly caused by its failure to collect income from both licenced and unlicensed commercial property owners and venders.

In addition, fees such as burial fees, inspection fees, and store licenses all have greater collection rates when compared to other revenue streams. Since the multicurrency system was put in place, the quantity of unpaid debt at Epworth Local Board has increased. This means that it high time for Epworth Local Board to take an initiative in investing in technology to improve their settlement and to boost their revenue coffers. The Urban Councils Act, Chapter 29:15 Section 1, provides local governments the authority to charge

people for services provided in their territory. According to the study, Epworth Local Board has this chance to raise money from the locals through this deed.

There are several ways for the Epworth Local Board to make money, including licensing, providing water, parking, social amenities, cemeteries and burial grounds, housing, and others. Another opportunity for local governments is to group their goods and services, such water and parking, according to residents and non-residents. Additionally, since the setup already has them covered, they do not need to locate customers.

The identification and mapping of all rateable properties, the classification and valuation of each property in accordance with established procedures by technically competent and honest staff, and the unbiased identification of taxpayers are just a few of the measures that can be taken to improve the current situation and influence policy directions. All rateable properties must be taken into account throughout the valuation and categorisation processes, and when creating a trustworthy and thorough valuation list and notifying property owners in advance of their tax liability. General valuation role must be established as provided in Urban Council Act Chapter 29:15, that rating valuation should be carried in a space of 5-to-10-year intervals. Also, the Local Board Valuation department also need to work closely with the surveying and deed registration divisions of the Lands Commission to develop an upgraded settlement in Epworth with adequate services as per town planning and development standards. Only with these methods can property taxation and rating produce the majority of public funding required by the Local Board to promote local development and decentralisation.

The community's capacity and desire to pay, and the scope of the rateable facilities, are the key obstacles preventing local governments from collecting money. The research revealed that another difficulty is that the majority of ratepayers in Epworth are not technically employed, hence their amount of income has a detrimental impact on the Epworth Local Board's efforts to collect money. It was stated that the issue of inaccurate billing and residents not receiving their invoices from the local authority are related to ratepayers' late or non-payment of bills.

The majority of ratepayers pay their rates out of a sense of responsibility to Epworth Local Board, rather than understanding the benefits of aiding the local authority's services. Poor service delivery, political pressure to relax revenue collection, poor corporate governance, poor debt collection mechanisms, insufficient power to enforce payment, poor billing, inadequate communication with ratepayers, and official corruption and financial embezzlement were discovered to be problems for the Epworth Local Board. However, poor service delivery, corruption, and money-laundering by council members are the most frequent causes of non-payment of bills by ratepayers.

Another finding was that the Epworth Local Board does not have the funding to update its aged water and sewage reticulation systems to improve service delivery. Furthermore, Epworth Local Board was found to be underutilising viable revenue streams. For example, liquor stores have remained closed for the previous two years despite the fact that they should be open or rented to outsiders. Furthermore, it was determined that politics is having a negative influence on the local government's efforts to collect taxes. Local politicians, for example, frequently oppose attempts to close stores to require the payment of shop licenses.

The local authority may increase its revenue collections with the help of accurate billing, sound corporate governance, the employment of competent and experienced employees, suitable contact with ratepayers, and enhanced revenue collection strategies. Council officials' fraud and corruption have damaged the public's perception of local governments, and this has to be rectified. Epworth Local Board's experience with loose regulations and poor pay is blamed for the issue.

The evidence from respondents, also discovered that, while late payments affect all ratepayer groups, high density users are more likely to suffer them. Because the bulk of them are unemployed, their income levels are mostly to blame. Epworth Local Board has various revenue streams available to it, but it is experiencing a working cash problem as a result of its inability to efficiently utilise these sources. The municipality is also ineffective at developing new revenue streams to supplement its existing revenue structure. The working capital situation cannot be resolved until the local government can effectively realise its revenue-tied debtors.

Most ratepayers are worried about getting punished for not making their payments. More money may trickle in as a result of payment enforcement methods including disconnections and criminal prosecution of defaulters. Above all, more money might be made if federal agencies and educational institutions compensated for local governments' services. To expand its service delivery fleet and repair its deteriorating sewage and water reticulation infrastructure, the local authority urgently needs financing from the national government. Higher contributions from residents will be the outcome of improved performance in these areas.

Based on the findings presented above the researcher will recommend Epworth Local Board and ZIMRA to implement the revenue enhancement model to improve their revenue collections. The Epworth Local Board should develop a debt collection policy and develop a system that keeps a revenue database. For example, the council may have a policy of disconnecting services and/or suing defaulters who disregard warning letters.

The research findings presented a challenge being faced by Epworth Local Board to implement a function property taxation system due to lack of adequate system and high debt as a result of people not paying rates. Initially, the Local Board should also seriously consider adopting computer aided mass appraisal known as CAMA that is the process of valuing a large number of properties using standardised procedures. This appraisal software system provides a source for more rigorous, objective and cost-effective solutions to compare and value property throughout the country. It also offers the most current and up-to-date information needed in assessing property values. New measures should be implemented to boost income collections, for example, the local government might implement parking fees in all car parks in several open spaces in Epworth. Staff should get training in customer service and debt collection to make them more competent; The local government has to have a strong plan for communicating with the ratepayers. This will help the local authority meet its revenue collection goals and simultaneously allay the anxieties of the ratepayers.

The other key challenge that was highlighted in the study was that there is lack of public participation in terms of paying rates and paying property Tax to ZMRA. The Council has to start working to enhance its relationships with

ratepayers. This will help establish positive ties with the locals, who will then support the organisation's efforts to raise money. It is urgent to launch the efforts to inform ratepayers of the value of paying for services. The Epworth Local Board should strengthen procedures to prevent official corruption and financial theft, and locals should be instructed to always get receipts when making payments. It is advised that there be a local authority support program that offers technical aid in financial management to municipalities. In addition, it is important to implement updated laws and regulations that provide local governments more control in areas like revenue generating and collection. Additionally, these laws and policies should work to strengthen local government leadership, management, and accountability, and the legal framework within which they operate.

Poor service delivery as a result of poor infrastructure, poor housing quality was explained as the key common challenge which needs to be addressed in Epworth. This study recommends that, to enhance service delivery, the Local Government should provide funding to local authorities to help them rebuild their deteriorating infrastructure and improve settlement upgrade through allocation of funds from a national budget. To acquire lines of credit, local authorities need also schedule an audit of their books of accounts for transparency purposes.

The study also highlighted the challenge of poor law enforcement on legislation and polices that govern taxation of properties. hence this study has observed that effective policy implementation requires that the various public agencies involved have a mutual understanding of the objectives of the policy and, their respective roles. To ensure a sound working relationship between the actors, it is vital that legislation and standard operating procedures are in place. If the relevant laws require revisions, these must be addressed first. Clarity on the division of functions and responsibilities amongst the key stakeholders is also essential, for instance: Who must provide and maintain the taxpayer database? Who must value the properties? and What training of valuers and collectors is required and who will do the training? Legislative framework for rating valuation in Zimbabwe need to be adjusted to reflect the reality in development, the Urban Councils Act talks about the rating valuation exercise being done after every 3 to 10 years which is not in sync with the rate of development in the country

Drawing lessons from Epworth, the findings have addressed the problems with property taxes and the rating system in low-income neighbourhoods. However, more has to be done by Epworth Local Board to update the settlements to offer acceptable services and allow ratepayers to account to the council for what they are paying for. Investigating the viability of property value in informal settlements, a crucial issue that was overlooked in the study, is the main subject that requires more study.

The effects of property taxes and rating systems on low-income neighbourhoods have been investigated, and each chapter describes how the results of the study were analysed, presented, and evaluated using questionnaires and interviews. The applicable theories, literature, and the research methodology used in the study was clearly explained in respective chapters before research findings from Epworth. The results, recommendations, and summary of the study project are presented in Chapter 8. Despite laws permitting the Urban Council to carry out fundraising initiatives in the territories it manages in accordance with the Urban Council Act (Chapter 29:15). The study highlighted potential ways to raise money, including public education, parcelling out of residential stands, door-to-door follow-ups to collect property taxes from residents who are reluctant to pay, and making sure that all commercial property has an operating permit. By doing so, they can increase their revenue stream and enhance service delivery. The difficulties facing Epworth Local Board have been identified, some of which include the absence of a system that can create invoices and bills, a weak, fractured network, and qualified valuers. The study's key recommendations were explained in detail, and some of them include the need for aggressive property rate follow-up, including the adoption of a door-to-door policy. To have title to all the properties in Epworth, the local board must invest in ICT to enhance administrative operations and the need for a property register/cadastre that stores property information. However, this can only be done once infrastructure and settlement have been upgraded to meet standards set by the property development process. There is room for improvement in their property rating and taxation system, and the local Board will be self-sufficient in its operations if all the issues covered in the study are put into practice.

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Synopsis

The study evaluated local governments' potential and obstacles for revenue collection. The study examined the various income streams, and their impact on the budget and their rate of collection. The assessment was conducted using a case study research approach. Data were gathered using both primary and secondary sources. Data were gathered via Epworth Local Board reports, surveys, observations, and interviews. The study found that Epworth Local Board faces operational issues like insufficient funding for daily operations, capital to implement a workable system that aids in revenue collection, and providing residents with services like roads and sewer that are primarily attributed to its inability to effectively collect revenue. The research came to the conclusion that in order for local governments to remain sustainable, they needed to increase service delivery efficiency, practice correct billing, enhance revenue collection methods, and reduce official corruption and financial theft. Additionally, local governments need to be well-liked and reputable by all parties involved. Maintaining sound corporate governance will encourage ratepayers to make their payments. Politicians should help local government's efforts to collect taxes by encouraging local authorities to develop debt collection procedures. The study suggested that to upgrade their outdated infrastructure, local authorities should receive funding from the local government. Programs that aid in revenue generation and collection, such as the use of the revenue enhancement model, door-to-door revenue collection, and debt management, must also have the full support of the central government through legislation. Initiatives for local economic development were also suggested to expand the revenue options for local authorities.

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