Introduction
To increase its internally generated revenue and continue to expand its tax base, the Lagos State Government (?LSG?) recently repealed its 2001 Land Use Charge Law, and replaced this 2001 Law with a new Land Use Charge Law, 2018.

The LSG also extended the period for the payment of all annual Land Use Charge (?LUC?) Demand Notices for 2018, to Saturday, April 14th , 2018. The latter is to enable Property Owners and affected Occupiers take the option of enjoying the discounts available for the prompt and early payment of LUC invoices.

Key highlights of the new LUCL are provided in the following paragraphs.

Repeal and Savings Provisions.
The new Land Use Charge Law, 2018 (?LUCL?) repealed the Land Use Charge Law 2001, and consolidated all Property and Land Based Rates and Charges in Lagos State. Accordingly, the Tenement Rates Law, the Land Rates Law, the Neighbourhood Improvement Charge and all other similar Property Rates or Charges, other Laws or amendments to any such property Laws shall cease to apply to any property in Lagos State as from 2018.

Despite the repeal of the Land Use Charge Law 2001, all pending invoices, orders, rules, regulations, etc. under the 2001 repealed Law shall continue to be in effect until such obligations are discharged.

Highlights of LUCL 2018
A Land Use Charge, which is payable annually, is described by the LUCL to be a consolidation of all Property and Land Based Rates and Charges imposed on all non-exempted real properties located in Lagos State.

Owners and Occupiers holding a lease to a Property for ten (10) years or more are now liable to pay the annual LUC invoice charged on any such Property.

The value of a Property (?the Land Value?) plus the Building Development Value of the Property, both of which constitutes the property?s Market Value, are now to be multiplied by the applicable relief and charge rate to arrive at the annual LUC rate for each Property.

The Market Value of each Property is now required to be reviewed by the Lagos State Commissioner for Finance, at least once every five (5) years, based on the information provided by Professional Property Valuers.

Some of the Property Owners or Occupiers now exempted from paying an annual LUC on the Property that they occupy or reside in, in Lagos State, include the following:- (a) Properties owned or occupied by a religious body with such Property used exclusively for religious worship or education; (b) Libraries and Properties used by a registered educational institution certified by the Lagos State Commissioner for Finance to be a non-profit making educational institution; (c) Public cemeteries and burial grounds; (d) The palaces of recognised Obas and Chief in Lagos State.

Agency
A LUC Collecting Authority has the right to appoint an Occupier of a taxable Property to be the Agent of the Owner of the Property, for the purpose of paying the LUC out of the monies due to the Owner of the Property, which monies are in the custody of the Occupier. Such person or Occupier so appointed is entitled to claim an indemnity for all LUC payments made on behalf of the Owner of the Property.
Default in paying LUC.
Failure to pay a LUC within the period specified in the LUC Demand Notice attracts the following penalties: - (a) 25% penalty on the LUC Demand Notice Rate not paid between 45 to 75 calendar days; (b) 50% penalty on the LUC Demand Notice Rate not paid between 75 to 105 calendar days; and (c) 100% penalty on the LUC Demand Notice Rate not paid between 105 to 135 calendar days.
Where the LUC Demand Notice is not settled after 135 days of the Tax Payer?s receipt of the Demand Notice, the Lagos State Government is authorised by the LUCL to appoint a Temporary Receiver/Manager to administer the Property until all the outstanding taxes, penalties and administrative charges are paid.

Land Assessment Appeal Tribunal
A LUC Assessment Appeal Tribunal (?LUCAAT?) is created under this new LUCL to consider and determine any appeal against a LUC Demand Notice Assessment. Such appeal must however be lodged within thirty (30) days after the date of the delivery of the LUC Demand Notice.
The LUCAAT is allowed to adopt any ADR mechanism it so chooses in resolving any dispute brought before it. Appellants are also required to submit to a confidential Mediation process as part of the effort to resolve any LUC dispute expeditiously.

Offences and Penalties
Failure to notify the Lagos State Commissioner for Finance, in writing, of any change of use to a Property previously exempted from the LUC legal provisions, is an offence which on conviction carries a fine of three (3) times the value of the LUC Rate previously exempted.
Also, any failure to comply with any of the provisions of the LUCL, obstruct LUCL officials and/or damage LUC Property Identification Plaques constitutes an offence which on summary conviction carries a maximum fine of Two Hundred and Fifty Thousand Naira (N250,000) or a term of imprisonment for a period of up to three (3) months, or to both the fine and the term of imprisonment.

Observations
Basing the Annual Land Use Charge Rate on the Market Value of a Property is an inequitable form of Taxation as the Owner of the Property is not as a matter of fact, receiving the market value of the property on an annual basis.
Using the Market Value of a Property to assess its LUC on an annual basis has also been contended to amount to a subtle form of double taxation as Capital Gains Tax is paid every time the Property is sold or bought.
An open market value methodology will further only discourage real estate investments as the LUC will increase the costs of real estate developments in a depressed market already suffering high net-worth to middle class over-supply of housing units.
Following from the above concerns, is the natural principle of demand and supply which will compel the Owners of properties to pass at least some of the LUC increment to their tenants, thereby further increasing property rentals and inflation rates in an economy that has not properly gotten out of recession.
The non-exemption of unoccupied properties, which currently litter the Real Estate or Property market, from the application of the LUC, will also distress the property market and encourage tax evasion.

The provision of only some LUC relief, based on a prior application to the Lagos State Commissioner for Finance, as opposed to an express exemption for elderly retirees living in their own homes is also a matter of concern especially as there is no functional and reliable pension or social welfare system to take care of elderly home owners or home occupiers.

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