

**NATIONAL CAPITAL DISTRICT LAND TAX LAW 2018 (amended
for 2019 Rates)**

Arrangement of Clauses

PART 1 – PRELIMINARY

1. DEFINITION

“Act”

“Commission”

“National Capital District”

“Regulation”

“Services”

“Tax”

“Taxable Land”

“Valuation Roll”

PART II – IMPOSITION OF TAX

2. Imposition of Tax

PART III – PAYMENT OF TAX

- 3. DUE DATE FOR PAYMENT OF TAX**
- 4. DISCOUNT**
- 5. PAYMENT BY INSTALMENT**
- 6. INTEREST**
- 7. REMEDIES FOR NON-PAYMENT**

PART IV – MISCELLANEOUS

- 8. OMISSION ON VALUATION ROLL**
- 9. REFUND OF PAYMENT**
- 10. EXPENSES**
- 11. LIABILITY OF NEW OWNER**
- 12. LIABILITY AFTER DISPOSITION**
- 13. OFFENCE**
- 14. EXEMPTIONS**
- 15. SERVICING OF LICENSING APPLICATIONS**
- 16. LEVY ON CITY BEAUTIFICATION
SCHEDULES
'NOTICE OF TRANSFER' FORM**

NATIONAL CAPITAL DISTRICT LAND TAX LAW 2018 (amended for 2019 Rates)

PART 1 – PRELIMINARY

Being a Law made pursuant to the National Capital District Commission Act 2001 (as amended) and the National Capital District Commission (Land Tax) Regulation 1991 to provide for the imposition of taxes on land and for related matters.

MADE by the National Capital District Commission to come into operation in accordance with a notice published in the National Gazette by the Minister.

1. DEFINITION

“Act” means the *National Capital District Commission Act 2001* as amended.

“Commission” has the same meaning as in the Act.

“National Capital District” has the same meaning as in Section 4 (1) of the Constitution of the Independent State of Papua New Guinea.

“Regulation” means the *National Capital District Commission (Land Tax) Regulation 1991* as amended.

“Services” means any provision of public utilities and includes, without limiting the generality of the term “public utilities” the collection of garbage, sanitation, and general cleaning, issuing of trade and liquor licenses, building permits, streetlights, use of road reserves.

“Tax” means Land Tax imposed pursuant to this Law and the Regulation.

“Taxable Land” has the same meaning as in the Regulation.

“Valuation roll” has the same meaning as in the Regulation

PART II – IMPOSITION OF TAX

2. IMPOSITION OF TAX

- (1) Land Tax on the unimproved value of any parcel of taxable land in the National Capital District is hereby imposed on that parcel of land at the rate specified in Schedule 1 hereto and to be determined by use of the land.

- (2) Liability for payment of tax is as specified in Section 7 of the *National Capital District Commission (Land Tax) Regulation 1991*.
- (3) Notwithstanding the provisions of Section 2(1) of this Law, a minimum rate of one hundred and ninety kina (K190.00) shall apply to taxable land where the tax calculated pursuant to the provisions of Section 2(1) results in a sum less than one hundred and ninety kina (K190.00).
- (4) The discount under Section 4(1) shall not apply where the minimum rate is payable under sub-section (3) of this Section.
- (5) Where on any area of taxable land there is more than one residence, including units or apartments or any detached, semi-detached or abutting residences, or where on any area of taxable land there is a shop and more than one residence, there shall be imposed in respect of that taxable land a special charge levied for each additional residences as provided in Schedule 2 hereto. Further, for any area where there is a high rise building, containing several floors with several units, the Commission reserves the right to inspect the building to determine the appropriate levy, tax or charge for that building in accordance with Schedule 2.

PART III – PAYMENT OF TAX

3. DUE DATE FOR PAYMENT OF TAX

Subject to this Law, the due date for payment of tax imposed under Section 2 of this Law is on the 1st day of January of each calendar year or at such time and in such manner as determined by the Commission from time to time.

4. DISCOUNT

- (1) Subject to this Law a discount rate of five (5) percent shall be allowed where the tax imposed under this Law is paid in full on or before the 31st day of January in each taxable year. This shall not apply to outstanding taxes for previous years.
- (2) The discount allowable under sub-section (1) of this Section shall apply only in so far as it relates to the payment of tax imposed under this Law.

5. PAYMENT BY INSTALMENT

- (1) The owner of taxable land or the person liable to pay tax may request the Commission to pay tax for the fiscal year by equal

installments. Any such request shall be made on or before the 31st March of each year.

- (2) Section 4 of this Law shall not apply if the Commission allows payment of the tax by installments after a request pursuant to sub-section (1) of this Section is made.
- (3) Where the Commission requests tax to be paid by installments, each installment is due and payable on the date ascertained in accordance with the permission in relation to that installment, but, if any installment is not paid on or about the date so ascertained, the whole of the tax outstanding is due and payable.

6. **INTERESTS**

- (1) If any amount of tax for the year remains unpaid two (2) months after the due date for payment specified in Section 3 of this Law, simple interest may be charged on the amount at the rate of 20 per centum per annum calculated on the basis of each completed month for which the amount remains unpaid after the due date.
- (2) Any increase pursuant to subsection (1) of this Section shall be deemed to be part of the tax for that year.

7. **REMEDIES FOR NON-PAYMENT OF TAX**

Where any amount of tax remains unpaid for a period greater than two (2) months from the due date, the Commission may, in addition to other remedies available, charge a penalty of 20% per annum in addition to the amount to be calculated on monthly basis until the amount is fully paid.

PART IV - MISCELLANEOUS

8. **OMMISSION ON VALUATION ROLL**

- (1) Where taxable land has not been valued because of omission from the valuation roll constituted under the *Valuation Act (Chapter 327)* the first valuation thereof after discovery of the omission shall be made retrospective to the date when the person acquired the taxable land and or as determined by the Commission and the appropriate tax shall be levied accordingly.
- (2) For the purposes of sub-section (1) of this Section the 5 per cent reduction allowable under Section 4 shall apply but shall cease to apply after 30 days from the date of the notice of assessment of tax is posted to the tax payer pursuant to this Law.

- (3) If the owner of Taxable Land disposes of his estate or interest in taxable land and fails to pay to the Commission any tax that is levied or charged after he disposes off his estate or interest in the taxable land before the notice of transfer is given to the Commission. The person who buys the taxable land and becomes the new owner of the taxable land will be liable to pay the outstanding tax that is levied against the property.
- (4) In terms of the valuation or revaluation of the land parcels in NCD:
 - a) The Valuer General shall be required to value all the land parcels in NCD.
 - b) If there is any fee involved for this valuation, this can be paid to the Valuer General and such fees shall be charged back on top of the land tax to the property owners, as empowered under Sub-section 3 of Section 3 of the Regulation.

9. **REFUND OF PAYMENT**

Where the Taxable Land which was subject to charge for land tax becomes non-taxable, the part of the tax paid thereon proportionate to the period during which the land is not taxable shall be refunded by the Commission to the tax payer.

10. **EXPENSES**

The Commission may add to the amount of tax any reasonable out of pocket expenses incurred in tracing the person liable to pay the tax and such expenses may be recovered as tax at the same time as any tax but without the requirement to give notice thereof.

11. **LIABILITY OF NEW OWNER**

- (1) Where a person becomes entitled to a taxable land in any form, he shall first find out from the Commission that all the outstanding land tax of the said property has been settled by the previous owner up until the date when the taxable land passes to the new owner. Failing to do so, the person who becomes entitled to the taxable land is responsible for all accrued land tax subject to sub-section (2) and (3).
- (2) Where a person becomes entitled to an estate or interest in taxable land, he shall be liable to the Commission for tax under this Law and for all arrears of tax and land rates, howsoever assessed or described, levied or determined, owing by any previous owner in respect of the land, notwithstanding the fact that he became entitled to the estate or interest after the tax and/or and rate was levied.

- (3) If any person who becomes entitled to an estate or interest in the taxable land pays to the Commission any tax in respect thereof which was levied before he became entitled to the estate or interest, he may recover the amount from the person who was liable to the Commission for the tax at the time when the tax was levied.

12. **LIABILITY AFTER DISPOSITION**

- (1) Where the owner of taxable land disposes of his estate or interest in the taxable land, he remains liable to pay tax to the Commission to the same extent as if he had not disposed of his estate or interest, provided that the tax is levied either:-
 - (a) before he disposes of his estate or interest in the taxable land; or
 - (b) before a notice of transfer is given to the Commission.
- (2) If the owner of the taxable land disposes of his estate or interest in the taxable land and pays to the Commission any tax in respect thereof which is levied after he disposes of his estate or interest in the taxable land before the notice of transfer is given to the Commission, he may recover the amount from the person to whom he disposes of his estate or interest.
- (3) As between a person liable to pay tax and any other person from or to whom he derives or disposes of his estate or interest in the land, tax shall be considered as accruing from day to day and shall be apportioned in respect of time.

13. **OFFENCE**

- (1) A person who refuses or neglects, without reasonable cause, to pay land tax due and payable under this Law is guilty of an offence.

A fine not exceeding Kina five hundred (K500.00) shall be levied for each taxable land.

- (2) A landlord who failed to respond to the Commission notice on:

- a. Failure to remedy the graffiti on their properties or fence
- b. Failure to keep their frontage from litters.

A fine not exceeding 20% of the amount of yearly land tax on failures of each notice shall be added to the land tax and recovered under this law.

If the property is leased to a tenant, then the penalty is payable by the landlord and can be charged back to the tenant.

14. **EXEMPTIONS**

- (1) These lands are exempted under this law:-
 - (a) Government land
 - (b) Customary land; and
 - (c) Church Buildings.
- (2) Diplomatic missions shall be exempted on the basis of reciprocity.
- (3) The Commission may allow land tax exemption to a landlord subject to a maximum of 25% of the cost of approved public amenities or construct structures with the objective of beautifying their frontage or in an approved location.
- (4) The exemption in section 14(3) shall be allowed over a period of five years.

15. **SERVICING OF LICENSING APPLICATIONS**

- (1) Where the land tax is due from the landowner, the Commission shall not process any service application until such time the applicant produces a no outstanding certificate from the Revenue Manager, confirming settlement of all property accounts.
- (2) In case the applicant of the service application is not the landowner of the land parcel, and if the applicant pays the outstanding land tax, then the applicant is entitled to receive the payment from the landowner equivalent to the amount so paid unless agreed with the landlord otherwise.

16. **LEVY ON CITY BEAUTIFICATION**

- (1) There shall be a levy of K100 per square meter on all commercial property owners who fail at any time to beautify, clean and maintain the upkeep of easements, reserves or public utilities located immediately surrounding the boundary of the commercial property.
- (2) A levy collected in clause 16(1) against the commercial property owner will be used by NCDC who are the custodians to beautify, clean and maintain that easement, reserve or public utility.
- (3) Any commercial property owner who at all times beautifies, cleans and maintains the easement, reserve or public utility is exempted from paying this levy.
- (4) NCDC who are custodians will maintain regular inspections of all commercial properties in observance of this levy.

NATIONAL CAPITAL DISTRICT LAND TAX LAW 2018 (amended for 2019 Rates)

SCHEDULE 1

<u>Type of Taxable Land</u>	<u>Rate of Land Tax</u>
1 RESIDENTIAL ¹	: 2.84% of the unimproved capital value.
2 COMMERCIAL ²	: 4.60 % of the unimproved capital value
3 LIGHT INDUSTRIAL ³	: 4.60% of the unimproved capital value
4 INDUSTRIAL ⁴	: 4.60% of the unimproved capital value
5 OTHERS ⁵	: 4.60% of the unimproved capital value

A minimum of K190.00⁶ per annum shall be applicable if the tax calculated under this schedule falls below K190.00.

10%⁷ of the Residential Rate and Commercial Rate will go to the Ambulance and Fire Service.

¹ Amendments: 2009 – 0.80%, 2010 – 1.0%, 2012 – 1.25%, 2013 - 2.1%, 2014-2.3%, 2016-2.07%,2018-2.59%

² Amendments: 2009 – 1.25%, 2010 – 1.5%, 2012 – 1.90%, 2013 – 3.2%,2014-3.5%, 2016-3.15%, 2018-4.19%

³ Amendments: 2009 – 1.25%, 2010 – 1.5%, 2012 – 1.90%, 2013 – 3.2%,2014-3.5%, 2016-3.15%,2018-4.19%

⁴ Amendments: 2009 – 1.25%, 2010 – 1.5%, 2012 – 1.90%, 2013 – 3.2%,2014-3.5%, 2016-3.15%,2018-4.19%

⁵ Amendments: 2009 – 0.80%, 2010 – 1.0%, 2012 – 1.25%, 2013 – 2.1%,2014-3.5%, 2016-3.15%,2018-4.19%

⁶ Amendments: 2009 – K25.00, 2010 – K100, 2012 – K100, 2013 – K170,2014-K190,2016-K190,2018-K190

⁷ 2019- 10% of Tariff for Residential and Commercial properties to be paid to Ambulance and Fire Service.

**NATIONAL CAPITAL DISTRICT LAND TAX LAW 2018 (amended
for 2019 Rates)**

SCHEDULE 2

For the purpose of Section 2(5) of this Law, the following special charge shall apply:-

Description of taxable land	Tariff or rate
Where the taxable land consists of:	
1 a residential building	: K300 ⁸ for each residence
2 shop(s) and one or more residences and or commercial buildings	: K300 ⁸ for each unit.
3 residential and commercial building that has more than one (1) level.	: K300 ⁸ for each level in excess of one level in the building.
4 Hotel, lodge, motel and self contained rooms and or apartments that do not comply with general zoning requirements	: K480 ⁹ for each room or apartment in excess of one room and or apartment in the building

The Commission reserves the right to inspect the buildings to determine the appropriate levy, tax or charge for buildings that has several floors with several units.

⁸ Amendments 2009 – K100.00; 2010 – K125; 2012 – K160, 2013 – K270,2014-K300,2016-K300.00,2018-K300

⁹ Inserted in 2012 amendments

National Capital District Land Tax Law 2018 (amended for 2019 Rates)
NOTICE OF TRANSFER OF TAXABLE LAND

To: The City Manager
 National Capital District Commission
 P.O Box 7270
BOROKO
 National Capital District

Notice is given under the National Capital District Commission Land Tax Law of the SALE/Transfer/assignment of the land in this Notice.

DESCRIPTION OF LAND

Nature of Land:	Zone:		
Allotment:	Section:	Street:	
Land Area:	City:	Volume:	Folio:

VENDOR

Name:
 Address:
 Occupation:

PURCHASER

Name:
 Address:
 Occupation:

Purchase price: K

Date of Contract: Date of Transfer:

Apportionment of sale price:


Chattels:	K
Plant & Equipments:	K
Land & Improvements:	K
Others:	K
Total	K

Dated on this..... day of 20.....

SIGNATURE

CERTIFICATION

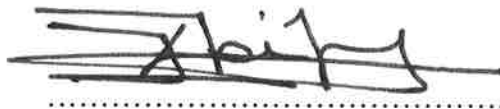
We certify that the Amendments to the National Capital District Land Tax Law (amendment of tariff) was made on the 6th February 2019 by virtue of Resolution No: FC01-02A-19 by the National Capital District Commission and this is a true copy of the Law.



Hon Powes Parkop
Governor



Bernard Kipit
City Manager



Hon Kevin Isifu, MP
Minister for Inter-Government Relations

