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An Analysis of the Jamaican Land Value Tax Rate Structure

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1. Introduction

In 1957, Jamaica converted its property tax from one based on the capital value of land and all improvements, to one based on just the unimproved value of land, i.e., to a land value tax.¹ In 2002, Jamaica revalued all parcels, the first revaluation in 9 years. In response to the six-fold increase in property values, Jamaica reduced the property tax rates of its progressive rate structure, and added a set of property tax caps. As a part of a overall review of the Jamaican tax system, we reviewed the Jamaican land value tax, focusing specifically on the property tax rate structure. In this paper we report on an analysis of the property tax rate structure, focusing specially on options for reforming the rate structure. The paper proceeds as follows: we first provide a brief synopsis of Jamaica's land value tax and then a discussion of its current tax rate structure. We then turn to an analysis of options for reform of the rate structure in sections IV-VI. A summary and conclusion section completes the paper.

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¹The *Land Valuation Act* does not regard the following as improvements: removal of timber or vegetable growth; draining, filling, excavation or reclamation of the land; projects that are designed to prevent erosion or flooding, and; grading or leveling of land.

2. An Overview of the Jamaican Land Value Tax

Before turning to a discussion of the property tax rate structure, it is helpful to give a brief overview of the land value tax in Jamaica. The adoption of a land value tax was based on the 1944 recommendation of the Commission on Inquiry, a recommendation endorsed by the International Bank for Reconstruction and Development.² The property system that existed in 1944 was a capital-based system in which both land and improvements were subject to property taxation. However, the tax relied on self-assessment by owners; each owner was required to declare the true and correct description and value of his property (Chang 1966). The Collector of Taxes could counter-assess those parcels for which he believed the owner had not provided the true and correct value. Risdén (1979) reports that it was estimated that on average the assessed value was less than one-third of the fair market value of the property and that there was gross non-uniformity in the assessments.

There are several laws that lay out the structure and procedures for the current property tax. The *Land Valuation Act*, which describes the valuation process, provides for new valuations every five years, although in actuality, revaluations have been conducted on about a nine-year cycle, with revaluations undertaken in 1974, 1983, 1993, and 2002. The value of any land parcel cannot be changed between general revaluations except under certain conditions, but in practice, valuations have been changed only when property is subdivided. Even when land is subdivided the values applied to the subdivided parcels are based on market values that existed at the date of the previous valuation. Prior to the 2002 revaluation the value of the property tax base was J\$86 billion,³ while after the 2002-revaluation, the property tax base increased to J\$522.4 billion, which represents a 6.1-fold increase.

The *Land Taxation (Relief) Law* of 1959 provides for derating and for relief of land taxes. Derating of property essentially results in a 50 percent reduction in property tax for property used principally for agricultural production. The derating certificate is typically granted for three years but it can be renewed.

Statutory property tax relief allows agricultural and residential land to be valued in terms of its current use rather than highest and best use. No relief is provided for vacant land or for land in industrial or commercial use. The Minister of Finance may provide discretionary relief from property taxes in whole or for any part of the property tax if he is satisfied that it would be just and equitable to do so.

In 2003-04, according to government records, there were only 31 applications for statutory relief, of which 15 were approved. For 2002-03 there were 841 applications for discretionary relief, of which 581 applications were approved. In 2002-03, there were 167 parcels that qualified for derating. It is clear that such relief is not significant.

²For a history of land value taxation in Jamaica see Chang (1966) and Risdén (1979). See Holland and Follain (1991) for an earlier evaluation of the Jamaican property tax.

³McCluskey (2002, p. 14).

The collection rate, i.e., the percentage of tax obligations paid by the end of the tax year, is very low, and declined precipitously after 2002. For 2001-02, 52.0 percent of 2001-02 tax obligations were paid by March 31, 2002. For 2002-03, only 25.5 percent of obligations were paid by March 31, 2003, a substantial decrease in the collection rate. For 2003-04, the one-year collection rate rose to 40.0 percent.

Table 1 shows the distribution by value class of the number of parcels, the taxable value, and tax liability under the current tax rate structure. Over 27 percent of the parcels have values of less than J\$200,000. These parcels account for 4.2 percent of the taxable value and tax liability under the current tax structure. Under the current tax rate structure, 58 percent of the property tax liability is imposed on owners of parcels with values in excess of J\$5 million, although these parcels account for 23.0 percent of the total property tax base and only 1.2 percent of all parcels.

The historic pattern of property tax collections is shown in Table 2. Column 1 shows annual property tax revenue. As noted above, the property tax base does not increase year-to-year as a result of increases in the market value of property, nor have there been changes in tax rates between valuations. These institutional arrangements limit the potential growth in property tax revenue between general revaluations. Most of the year-to-year changes in property tax revenue are due to changes in the collection rate, including late payments of obligations for previous years.

For 2002-03, property taxes per capita were J\$352.06. In real per capita terms, this is less than the amount collected in 1994-95. For the period 1997-98 through 2002-03, nominal property taxes per capita increased 11.3 percent per year, while in real terms they increased 3.7 percent per year.

3. Current Property Rate Structure

Jamaica uses a progressive property tax rate structure. The tax liability in 2001-02, i.e., before the 2002-revaluation, was J\$738.4 million. If the 1993 rate structure (Table 3) had been applied to the new valuations, the tax liability would have been J\$7,253.2 million, which would have resulted in a staggering 9.8-fold increase in total tax liability over the actual tax liability in 2001. It was clear that such increases would have been politically unacceptable, and thus the rates were adjusted downward to mitigate the increase in property taxes (Table 4).

Before the new rate structure was implemented a set of property tax limits were imposed. Eleven property value categories were specified and caps on the amount of property tax to be paid were specified for each value category (Table 5). For example, the maximum tax paid by a property owner in the J\$10 million to J\$50 million bracket is J\$320,000. The caps were to be imposed for one year, however, they were extended to at least a second and third year.

One notable feature of the structure of the limits is that the cap for one value class does not apply to parcels in the next highest value class. In other words, the tax liability for a parcel

with a value equal to the lower bound of a value class equals the tax liability implied by the statutory rates in the absence of the caps.

As a result of the imposition of the caps the effective property tax rates have a very peculiar relationship to property value. (The effective tax rate is defined here as the property tax liability divided by the assessed property value.) To show this particular relationship, we calculated the effective tax rate for selected property values.⁴ Figures 1 and 2 show the effective property tax rate for each of these specific property values. (Figure 1 shows the pattern over all values up to J\$250 million, while Figure 2 shows the pattern up to a value of J\$20 million.) Also included in Figures 1 and 2 are the effective tax rates that would apply if there were no caps.

Some rather unusual patterns are observed in the effective rates with the caps. First, for land values above the point in the value class where the property tax liability implied by the statutory tax rate equals the cap, the effective rate goes down. Thus, for a value of J\$266,667 the effective rate is 0.3 percent, but the effective rate declines to 0.267 percent for a property valued at J\$300,000. Second, there is a large difference in tax liability for a parcel at the top of one value class and a parcel at the bottom of the next highest value class. Thus, for example, going from a property value of J\$300,000 to J\$300,001, i.e., a one dollar increase in property value, the property tax liability increases by J\$100. Similarly, for a one dollar increase from J\$5,000,000 to J\$5,000,001, the property tax liability increases from J\$11,000 to J\$73,000, an increase of J\$62,000.

These notches and discontinuities in the tax rate structure created by the caps create inequities in the property tax. As seen in Figures 1 and 2, small differences in value can result in very large differences in tax liability, and at the upper end of each value class the effective tax rates are lower than for lower valued property. These notches also create various incentives. For example, an owner of a parcel with a valuation just above a notch will be more inclined to object to the valuation than an owner of a parcel just below the notch.

We also calculated the average effective tax rates for categories of property value, where the average effective tax rates were calculated as the sum of the actual tax liability for each parcel within a value class divided by the sum of the taxable property value within that value class. Figure 3 shows how the average effective tax rates vary across value classes for the rates structure both with caps and without caps. As can be seen, the effective tax rate structure is somewhat U-shaped, but with much higher effective tax rates for properties with values greater than J\$5 million. The difference in the two bars shows the magnitude of the reduction in property tax liability due to the caps. The introduction of the caps makes the distribution of tax burdens less progressive. Particularly noteworthy is the reduction in the average rate in the top value class.

⁴ We selected property values at the top and bottom of each property value class (Table 5) and for that property value in each class for which the property tax liability just equals the cap. For example, for the value class J\$500,000 to J\$1,000,000, we calculated the tax liability at J\$1,000,000 and J\$1,000,001. The tax liabilities are J\$1,700 and J\$3,000, respectively, which imply effective tax rates of 0.17 percent and 0.30 percent, respectively.

The presence of the caps also reduces tax revenue. For 2003, the caps resulted in a total property tax liability that was about 25 percent below what the liability would have been in the absence of the caps.

4. An Analysis of Reform Options

There are three general components of possible reform of the property tax rate structure.

- **Property tax caps**

The caps that were imposed after the 2002 general revaluation create an effective rate structure that can only be described as bazaar, creating large inequities. The property tax caps also reduce property tax liability by about 25 percent.

- **Threshold exemption**

Providing a threshold exemption has two desirable features. First, since it eliminates a substantial number of parcels from the property tax system, it should reduce the cost of property tax administration. Staff time and office resources for mailing and collecting property taxes would be reduced. In addition, the effort currently devoted to collecting delinquent property taxes from the owners of low valued parcels could be refocused on collecting delinquent taxes on the remaining properties. Second, it increases the progressivity of the effective rate structure.⁵

While the exemption could be of any amount, one obvious choice is J\$200,000 since that is the top of the first tax rate bracket. An alternative is J\$300,000. Currently, 27.1 percent of the parcels have values of less than J\$200,000 but account for only 4.2 percent of tax liabilities, while parcels with values of less than J\$300,000 account for 40.4 percent of all parcels and 8.8 percent of tax liabilities (Table 1). For the current rate structure but without the caps we estimate that the reduction in tax liability resulting from a J\$200,000 exemption would be 13.4 percent, while an exemption of J\$300,000 would reduce tax liability by 19.0 percent. Since the exemption applies to all parcels, the reduction in tax liability is larger than the liability of parcels with values below the exemption level.

The elimination of the caps and introduction of a J\$200,000 (J\$300,000) threshold exemption would reduce the tax liability for parcels with property values less than J\$566,666 (J\$666,666). For properties with values above the threshold exemption, the tax liability will decrease for those with tax liability below the cap. Tax liabilities will increase for those parcels that obtain more than a small benefit from the cap.

⁵ One concern with implementing a threshold exemption is that many owners use the property tax receipt as “proof” of ownership. If that is in fact a concern, then one way to accommodate it is to mail a tax invoice to owners of property worth less than J\$200,000, but this tax invoice would state that there was no tax due.

- **Revising the nominal tax rate structure**

The current rate structure imposes a significant progression in the marginal tax rate for high valued parcels, increasing from 0.5 percent for the lowest valued properties to 1.75 percent for the highest. A more graduate rate of progression or a flat rate might be considered.

5. Analysis of Alternative Revenue Neutral Rate Structures

We turn now to consideration of several alternative rate structures that are neutral in terms of tax liability. We first describe the alternative rate structures, then discuss the relative distributions of tax liabilities, and finally discuss winners and losers.

1. Rate Structures

We simulated five alternative revenue neutral property tax rate structures, ranging from a flat rate to a highly progressive rate structure (see Table 6). In each case the total property tax liability is close to the total property tax liability for the current tax structure with the caps in place, or approximately J\$2.5 billion. In other words, these are revenue neutral options that assume no change in the collection rate.

Figure 4 and Table 7 shows the effective tax rates for each of 10 value classes for each of the five alternative tax rate structures, as well as the effective tax rates for the existing rate structure. Table 8 shows the tax per parcel for each value class. Because of the caps in the current rate structure, the tax liability can vary substantially between parcels of similar, but not identical, values. Thus, care must be exercised in drawing generalities from the comparisons between the current rate structure and the five alternatives.

A flat rate of 0.45 percent on all property would generate the same tax liability as the current rate structure with caps, and results in proportional effective tax rates. Since the total tax liability is the same for all five of the alternative rate structures, reducing the tax liability in one value class requires increases in the tax liabilities in other the classes. Thus, in order to provide any progressivity in the rate structure, it is necessary to reduce the tax rates on lower valued property and increase them on higher valued property. This can be seen by comparing the flat rate structure with the modified flat rate structure. The exemption of J\$300,000 reduces the tax on the lowest value parcels, but requires an increase in the flat rate to 0.66 percent. Lowering the exemption to J\$200,000 would provide a smaller benefit to low-valued parcels, but would allow the flat rate to be reduced to 0.59 percent.

For the flat rate, modified flat rate, and progressive rate structures (see Table 6) there is no minimum tax, while there is a minimum tax for the other two tax structures. A minimum tax in the lowest tax bracket reduces the progressivity of the effective tax rates. (Note that progressivity here refers to the relationship between effective tax rates and land values, not the relationship with income.) Thus, for the moderate and modified progressive rate structures the effective tax rate in the lowest value class (\$200,000 or less) is higher than the effective tax rates

for some of the other value classes. To generate a very progressive rate structure requires that the statutory tax rate for high-valued parcels be high, namely 1.5 percent. This rate is still below the statutory rate of 1.75 percent that currently exists for properties in excess of J\$2.5 million. However, the effective tax rates for parcels in excess of J\$2 million are greater for the progressive structure than for the current structure because the tax cap on these parcels limit the actual tax liability.

There are several advantages to a flat rate structure. First, it eliminates the incentive to subdivide property in order to reduce property tax liability. With a progressive rate structure, two small parcels each worth J\$2.5 million will have a smaller tax liability than one parcel worth J\$5.0 million. Second, it makes discretionary rate increases easier than a structure with multiple rates. With multiple rates it is necessary to decide how much to change each rate and how the brackets should be changed. However, if there is an exempt class of properties, such as under the modified flat rate structure, then a decision would have to be made regarding the value below which properties are exempt. Third, there is no bracket creep if the rates are indexed to inflation or if parcels are revalued. Fourth, a flat rate might reduce evasion among the higher bracket payers. The disadvantage of a flat rate schedule is that it eliminates any progressivity in the rate structure. In general, lower valued parcels will experience a reduction in the tax liability under a modified flat rate, while higher valued parcels, except for the highest valued parcels, will experience an increase in tax liabilities. Moreover, the shift to a flat rate structure from the current structure, in a revenue neutral setting, would shift the burden away from those who own higher valued land. This might raise important social issues and create significant political costs.

The modified flat rate allows an exemption of J\$300,000, with a tax rate of 0.66 percent on any value in excess of J\$300,000. Because of the J\$300,000 exemption, the effective rates become mildly progressive. Under the modified flat rate the effective tax rates on parcels with a value below (above) the J\$750,000 to J\$1 million category are lower (higher) than under the flat rate structure. One advantage of the modified flat rate over the pure flat rate structure is that 40.4 percent of parcels would no longer be subject to the property tax, thereby potentially reducing administrative costs.

A progressive rate structure provides an incentive to subdivide property for purely tax purposes. But the progressive rate structure provides a disincentive to hold large tracts of land, thereby encouraging the breakup of large parcels, and discourages the assembly of large tracts.

2. Distribution of Taxable Values and Liabilities

Table 9 shows the distribution by property value class of the tax liability for each of the rate structures, including the existing structure, while Table 8 shows the tax per parcel. Under the current structure, 58 percent of the property tax liability is imposed on owners of parcels with values in excess of J\$5 million, although these parcels account for 23.5 percent of the total property tax base and only 1.2 percent of all parcels. Relative to the current rate structure, the percentage of property tax liability for parcels with values in excess of J\$5 million falls for the flat, modified flat, and moderate tax rate structures, and increases for the modified progressive and progressive rate structures.

Table 10 shows how property tax liabilities vary across property types for the alternative tax rate structures. Note that the property type is not identified for a substantial percentage of parcels. With the exception of commercial and industrial property, there is little difference across rate structures in the percentage of property tax liabilities borne by the property types. Commercial and industrial property combined accounts for between 45 percent and 53 percent of total tax liability. Since the tax rate does not depend on property type, differences across the alternative structures in the percentage of the total tax liability that a property type pays is the result of differences across property types in the distribution of parcel values.

3. Distribution of Changes in Tax Liabilities: Winners and Losers

Clearly, the property tax liability for an individual parcel will differ across the various tax rate options. Table 11 shows how tax liability differs between the current tax rate structure and each of the five alternative rate structures. The table shows the average difference in tax liability for each of the five alternative rate structures for each of the 10 property value classes. For example, for the J\$200,000 to J\$300,000 value class, owners will, on average, experience an increase of J\$451 in tax liability if there was a switch to the flat rate tax, but a decrease of J\$764 if there was a switch to the modified flat rate tax.

The five alternative rate structures reduce the tax liability for lower valued parcels. As should be expected, the reduction in tax liability extends across more value classes as the tax structure becomes more progressive, i.e., as one moves from left to right across Table 11. For example, the adoption of the flat rate tax would reduce the tax liability for parcels in the lowest value class, but increase tax liability for all other classes except the top class.

On the other hand, owners in the 7 lowest value classes would experience a decrease in tax liability while the top three classes would experience an increase. Because the rates for the highest value classes (i.e., over J\$5 million) are lower for four of the alternatives (flat, modified flat, moderate, and modified progressive) than for the current rate structure, these parcels would, on average, experience a decrease in tax liability under each of the four alternatives. Parcels in the highest value class would experience an increase in tax liability under the progressive rate structure as compared to the current structure since the rate for that class are the same for the two tax rate structures but there is a cap as part of the current rate structure.

Tables 12 shows the number of parcels in each property value class which would experience an increase or a decrease in tax liability if a switch was made from the current tax structure to one of the five alternative tax rate structures. In general, all of the owners within a value class experience either a decrease or an increase, i.e., there are few value classes for which some owners experience an increase while others experience a decrease in tax liability. Those who experience a decrease in tax liability are considered “winners” while those who experience an increase are considered “losers”.

6. Rate Structures that Increase Revenue

The above analysis considered alternative rate structures that are approximately revenue neutral in terms of tax liability; we ignored the issue of any changes in collection rates. In this section we consider several rate structures that would increase tax liability. The first set of rate structures is driven by interest by the Ministry of Local Government to increase land value tax revenue to J\$3 billion. We present three rate structures that would yield this revenue.

In determining the tax rates that would yield J\$3 billion in revenue, it is, of course, necessary to make some assumption about compliance. We assume here that the compliance rate will be 60 percent. In 2001-02, the to-date collection rate was 65.4 percent, although the collection rate for 2002-03 was much lower than that, 46.7 percent.

To generate J\$3 billion in tax revenue with a 60 percent collection rate implies that tax liabilities would have to be J\$5 billion. Table 13 presents three alternative rate structures that would yield approximately J\$5 billion in tax liability. Alternative 1 is a progressive rate structure, Alternative 2 is a moderate rate structure, while Alternative 3 is a modified flat rate structure. Alternative 3 closely resembles the modified flat rate structure described in Table 6, essentially doubling the tax rate to 0.9 percent. Alternative 1 is not as progressive as the progressive structure presented in Table 6, for example, the top rate is not double the top rate of the progressive rate structure described in Table 6. Alternative 2 is similar to the moderate and modified progressive rate structure described in Table 6.

Figure 5 and Table 14 show the effective tax rate for each value class. Table 15 shows the tax per parcel for each value class. For reference, we also include the effective rate for the current rate structure, where the effective rate for Figure 5 is actual tax payments for each value class for 2002-03 divided by taxable value for each value class for 2002-03. It is clear that given the 2002-03 tax payments, there would have to be substantial increases in tax rates and the collection rate to generate J\$3 billion in property tax revenue.

We also considered a progressive tax rate structure (Alternative 4) that produced a tax liability of J\$7.5 billion, essentially tripling the tax liability for the current tax rate structure, and three alternative flat rates, 0.085 percent and 1 percent, both with an exemption of J\$300,000, identified as Alternatives 5 and 6, which would increase tax liability to J\$3.13 billion and J\$3.69 billion, respectively. Table 16 shows the marginal rates and the effective tax rate, while Table 17 shows the tax per parcel for each value class. Figure 6 presents the effective rates by parcel value categories for the four tax rate structures and as well as for the current tax structure.

7. Summary and Conclusion

Jamaica has had a land value tax since 1957. The recent revaluation led the government to adopt a new tax rate structure and to impose a set of property tax liability caps. We considered several alternative options for reforming the current rate and cap structures. Several of the options were designed to be revenue neutral while others were designed to increase tax

property tax liability. We believe that eliminating the caps and adjusting the rates is a desirable change. Given the low level of property taxes in Jamaica, increasing property tax liability is feasible. Finally, adopting a flat tax rate with a sizable threshold exemption has many advantages.

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Table 1: Distribution of Parcels and Value for 2002-03

Class	Parcels		Taxable Value		Tax Liability
	Number	Percent of Total	Total Value (in billions J\$)	Percent of Total	Percent of Total
0-200,000	189,468	27.15	22.556	4.17	4.18
200,000-300,000	92,455	13.25	24.983	4.62	2.60
300,000-400,000	81,521	11.68	30.853	5.70	3.23
400,000-500,000	70,455	10.10	33.938	6.27	3.75
500,000-750,000	92,928	13.32	60.165	11.12	5.79
750,000-1,000,000	68,116	9.76	60.968	11.27	4.26
1,000,000-2,000,000	65,666	9.41	97.602	18.04	9.56
2,000,000-3,500,000	23,042	3.30	60.900	11.26	6.31
3,500,000-5,000,000	5,730	0.82	24.357	4.50	2.32
5,000,000+	8,366	1.20	124.730	23.05	58.00
Total	697,747	100.00	541.052	100.00	100.00

Table 2: Property Tax Collections

Financial Year	Property Tax Collections (in millions of J\$)	Property Taxes per Capita (current dollars)	Property Taxes per Capita (constant dollars)	Property Taxes as a Percent of GDP
1997-98	524.7	206.0	294.0	0.20
1998-99	512.9	199.8	264.3	0.18
1999-00	577.3	223.6	277.0	0.19
2000-01	644.4	248.1	286.7	0.19
2001-02	677.9	259.5	278.4	0.18
2002-03 ^a	924.0	352.1	352.1	0.23
2003-04	1,489.7	NA	NA	NA

Source: Property Tax Revenue: Inland Revenue Department; Population: Statistical Institute of Jamaica; Inflation and GDP: Statistical Digest, December 2003, Statistical Institute of Jamaica.

NA: not available

a. New property tax rates became effective April 2002.

Table 3: Property Tax Rate Schedule as of April 1993

Values (in J\$)	Property Tax Rates (in J\$)
Up to 20,000	50
20,001 to 50,000	50 + 0.1% of the value exceeding 20,000
50,001 to 100,000	80 + 0.3% of the value exceeding 50,000
100,001 to 500,000	230 + 0.75% of the value exceeding 100,000
500,001 to 1,000,000	3,230 + 1.50% of the value exceeding 500,000
1,000,001 to 2,500,000	10,730 + 2.00% of the value exceeding 1,000,000
2,500,001 to 5,000,000	40,730 + 2.50% of the value exceeding 2,500,000
Over 5,000,000	103,230 + 3.00% of the value exceeding 5,000,000

Table 4: Property Tax Rate Schedule as of March 2002

Values(in J\$)	Tax Rate
Up to 200,000	600
200,001 to J\$1,000,000	600 + 0.3% of the value over 200,000
1,000,001 to 2,500,000	3,000 + 0.5% of the value over 1,000,000
Over 2,500,000	10,500 + 1.75% of the value over 2,500,000

Table 5: Property Tax Caps

Values (in J\$)	Cap (in J\$)
Up to 200,000	600
200,001 to 300,000	800
300,001 to 400,000	1,100
400,001 to 500,000	1,500
500,001 to 1,000,000	1,700
1,000,001 to 2,500,000	4,000
2,500,001 to 5,000,000	11,000
5,000,001 to 10,000,000	87,000
10,000,001 to 50,000,000	320,000
50,000,001 to 200,000,000	1,500,000
Over 200,000,000	4,000,000

Table 6: Alternative Tax Rate Structures

Marginal Tax Rates					
Value Class (in thousand J\$)	Flat ^a (in percent)	Modified Flat ^b	Moderate ^c	Modified Progressive ^d	Progressive ^e
< 200	0.45	\$0	J\$400	J\$200	J\$0
200-300	0.45	\$0	0.2%	0.1%	0.1%
300-400	0.45	0.66%	0.2%	0.1%	0.1%
400-500	0.45	0.66%	0.2%	0.1%	0.1%
500-750	0.45	0.66%	0.4%	0.2%	0.1%
750-1,000	0.45	0.66%	0.4%	0.2%	0.2%
1,000-2,000	0.45	0.66%	0.5%	0.5%	0.5%
2,000-3,500	0.45	0.66%	0.7%	0.8%	0.8%
3,500-5,000	0.45	0.66%	0.8%	1.0%	1.0%
> 5,000	0.45	0.66%	1.0%	1.5%	1.75%

a There is no minimum tax.

b The tax rate applies to taxable value less J\$300,000.

c There is a minimum tax of J\$400.

d There is a minimum tax of J\$200.

e The tax rate applies to taxable value less J\$200,000.

Table 7: Effective Tax Rates

Value Class (in thousand J\$)	Effective Tax Rates				
	Flat (in percent)	Modified Flat (in percent)	Moderate (in percent)	Modified Progressive (in percent)	Progressive (in percent)
< 200	0.45	0.0	0.34	0.17	0.0
200-300	0.45	0.0	0.20	0.10	0.03
300-400	0.45	0.14	0.20	0.10	0.05
400-500	0.45	0.25	0.20	0.10	0.06
500-750	0.45	0.35	0.25	0.12	0.07
750-1,000	0.45	0.44	0.29	0.14	0.09
1,000-2,000	0.45	0.53	0.37	0.26	0.23
2,000-3,500	0.45	0.59	0.47	0.44	0.42
3,500-5,000	0.45	0.61	0.58	0.61	0.60
> 5,000	0.45	0.65	0.87	1.22	1.38

Table 8: Taxes Per Parcel

Value Class (in thousands J\$)	Taxes per Parcel				
	Flat (in J\$)	Modified Flat (in J\$)	Moderate (in J\$)	Modified Progressive (in J\$)	Progressive (in J\$)
< 200	536	0	400	200	0
200-300	1,216	0	540	270	70
300-400	1,703	518	757	378	178
400-500	2,168	1,199	963	482	282
500-750	2,913	2,293	1,590	795	447
750-1,000	4,028	3,927	2,580	1,290	840
1,000-2,000	6,689	7,830	5,432	3,932	3,482
2,000-3,500	11,893	15,464	12,501	11,644	11,194
3,500-5,000	19,129	26,075	24,506	26,008	25,558
> 5,000	67,091	96,421	129,592	182,138	206,460

Table 11: Change in Tax Liability from Existing Rate Structures
(in J\$)

Value Class (in thousand J\$)	Rate Structure				
	Flat	Modified Flat	Moderate	Modified Progressive	Progressive
< 200	-64	-600	-200	-400	-600
200-300	451	-764	-224	-494	-694
300-400	627	-558	-319	-697	-897
400-500	722	-245	-481	-682	-1,163
500-750	1,220	600	-103	-898	-1,245
750-1,000	2,328	2,227	880	-410	-860
1,000-2,000	2,734	3,876	1,477	-22	-473
2,000-3,500	4,450	8,020	5,058	4,201	3,751
3,500-5,000	8,128	15,075	13,506	15,008	14,558
> 5,000	-121,310	-91,981	-58,810	-6,264	18,058

Table 12: Winners and Losers

Value Class (in thousand J\$)	Rate Structures									
	Flat		Modified Flat		Moderate		Modified Progressive		Progressive	
	Winners	Losers	Winners	Losers	Winners	Losers	Winners	Losers	Winners	Losers
< 200	109,790	79,678	189,468	0	189,468	0	189,468	0	189,468	0
200-300	0	92,455	92,455	0	92,455	0	95,455	0	92,455	0
300-400	0	81,521	81,521	0	81,521	0	81,521	0	81,521	0
400-500	0	70,455	70,455	0	70,455	0	70,455	0	70,455	0
500-750	0	92,928	2,359	0	56,447	36,481	92,928	0	92,928	0
750-1,000	0	68,116	0	68,116	0	68,116	68,116	0	68,116	0
1,000-2,000	0	65,666	0	65,666	0	65,666	33,614	32,052	42,036	23,630
2,000-3,500	0	23,042	0	23,042	0	23,042	70	22,972	1,029	22,013
3,500-5,000	0	5,730	0	5,730	0	5,730	0	5,730	0	5,730
> 5,000	8,366	0	8,329	37	8,049	317	6,733	1,633	6,249	2,117
Total	118,156	579,591	444,587	253,160	498,395	199,352	635,360	62,387	644,257	53,490

Table 13: Marginal Tax Rates (J\$3 billion in Revenue)

Value Class (in thousand J\$)	Marginal Tax Rates		
	Alternative 1 ^a	Alternative 2 ^b	Alternative 3 ^a
< 200	0	J\$700	0
200-300	0	0.5	0
300-400	0.4	0.6	1.35
400-500	0.5	0.7	1.35
500-750	0.6	0.9	1.35
750-1,000	0.9	1.0	1.35
1,000-2,000	1.2	1.2	1.35
2,000-3,500	1.7	1.4	1.35
3,500-5,000	2.2	1.6	1.35
> 5,000	2.6	1.8	1.35

^aThere is no minimum tax and the tax rate applies to taxable value less J\$300,000.

^bThere is a minimum tax of J\$700.

Table 14: Effective Tax Rates

Value Class (in thousand J\$)	Effective Tax Rates		
	Alternative 1 ^a (in percent)	Alternative 2 ^b (in percent)	Alternative 3 ^a (in percent)
< 200	0.0	0.59	0.0
200-300	0.0	0.28	0.0
300-400	0.83	0.36	0.28
400-500	0.17	0.43	0.51
500-750	0.28	0.54	0.72
750-1,000	0.41	0.66	0.99
1,000-2,000	0.71	0.86	1.08
2,000-3,500	1.04	1.06	1.20
3,500-5,000	1.38	1.22	1.25
>5,000	2.23	1.62	1.32

^aThere is no minimum tax and the tax rate applies to taxable value less J\$300,000.

^bThere is a minimum tax of J\$700.

Table 15: Taxes Per Parcel

Value Class (in thousand J\$)	Taxes Per Parcel		
	Alternative 1 ^a (in J\$)	Alternative 2 ^b (in J\$)	Alternative 3 ^a (in J\$)
< 200	0	700	0
200-300	0	751	0
300-400	314	1,371	1,059
400-500	808	2,072	2,453
500-750	1,785	3,527	4,690
750-1,000	3,706	5,901	8,033
1,000-2,000	10,486	12,786	16,016
2,000-3,500	27,581	27,952	31,630
3,500-5,000	58,667	51,962	53,336
> 5,000	332,788	242,315	197,224

^aThere is no minimum tax and the tax rate applies to taxable value less J\$300,000.

^bThere is a minimum tax of J\$700.

Table16: Marginal and Effective Tax Rates

Value Class (in thousand J\$)	Alternative 4 ^a		Flat Rate (0.85%)		Flat Rate (1.0%)	
	Marginal Tax Rates	Effective Tax Rates	Marginal Tax Rates	Effective Tax Rates	Marginal Tax Rates	Effective Tax Rates
< 200	0	0.00	0	0.0%	0	0.0%
200-300	0	0.00	0	0.0%	0	0.0%
300-400	0.5%	0.10	0.85%	0.18%	1%	0.21%
400-500	0.75%	0.23	0.85%	0.32%	1%	0.38%
500-750	1.0%	0.42	0.85%	0.46%	1%	0.54%
750-1,000	1.5%	0.66	0.85%	0.57%	1%	0.66%
1,000-2,000	2.0%	1.16	0.85%	0.68%	1%	0.80%
2,000-3,500	2.5%	1.65	0.85%	0.75%	1%	0.89%
3,500-5,000	3.0%	2.06	0.85%	0.79%	1%	0.93%
> 5,000	4.0%	3.40	0.85%	0.83%	1%	0.98%

^aThere is no minimum tax and the tax rate applies to taxable value less \$300,000.

Table 17: Taxes Per Parcel

Value Class (in thousands J\$)	Alternative 4	Flat Rate of 0.85%	Flat Rate of 1.0%
< 200	0	J\$0	J\$0
200-300	0	0	0
300-400	392	667	785
400-500	1,113	1,544	1,817
500-750	2,724	2,953	3,474
750-1,000	5,926	5,058	5,951
1,000-2,000	17,227	10,084	11,863
2,000-3,500	43,575	19,915	23,430
3,500-5,000	87,523	33,582	39,508
> 5,000	506,367	124,178	146,092

Figure 1: Effective Tax Rates

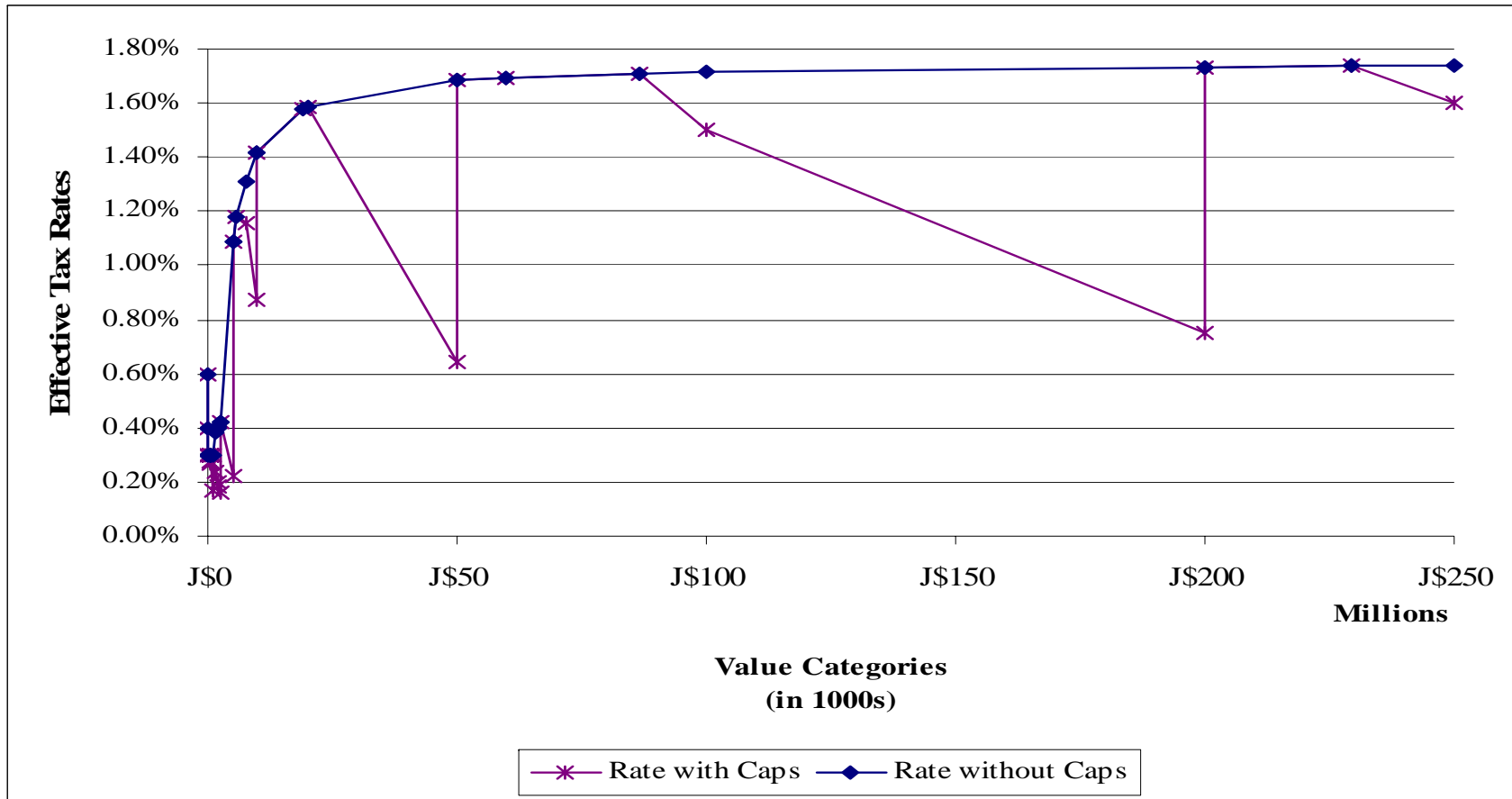


Figure 2: Effective Tax Rates

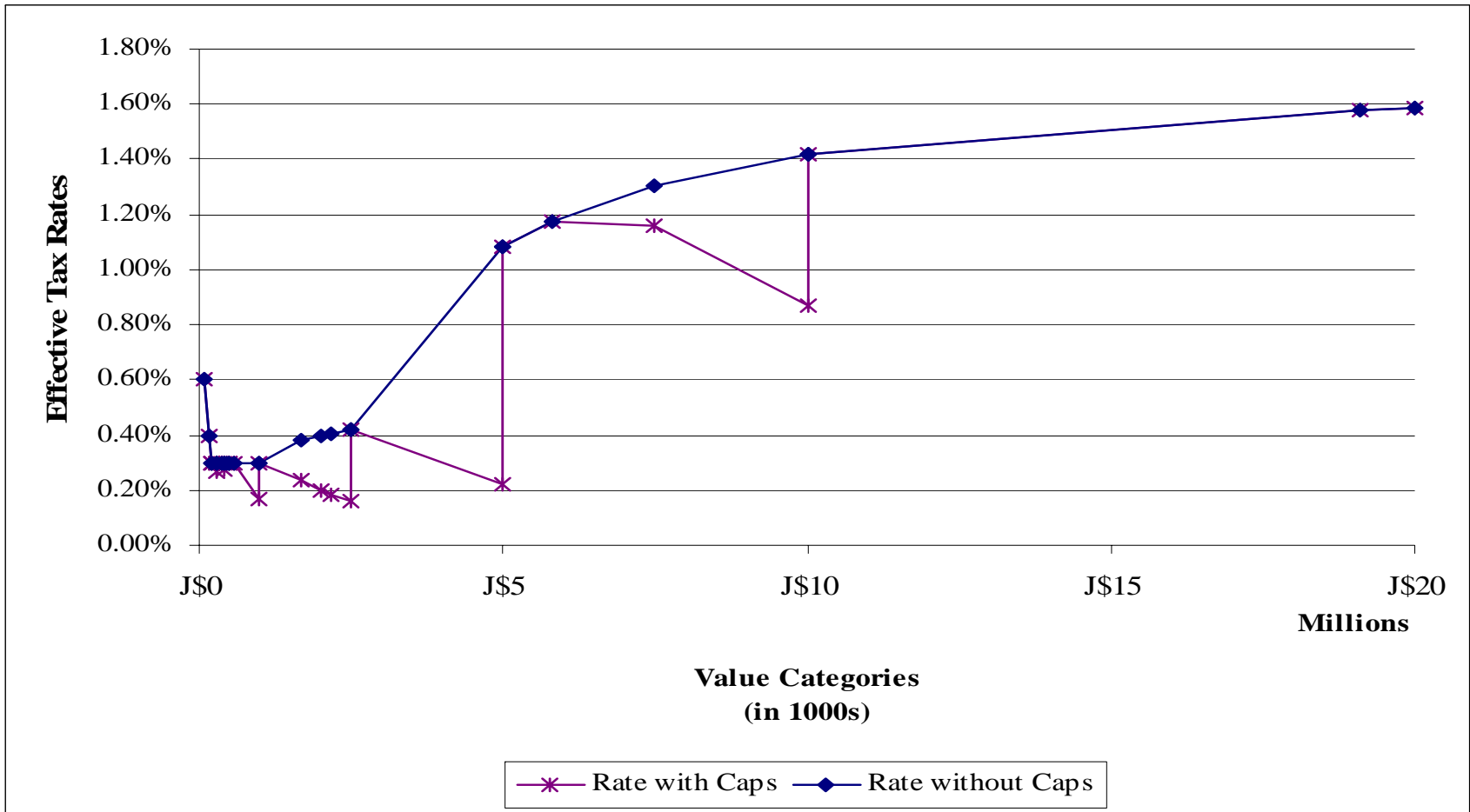


Figure 3: Effective Property Tax Rates
(with and without caps)

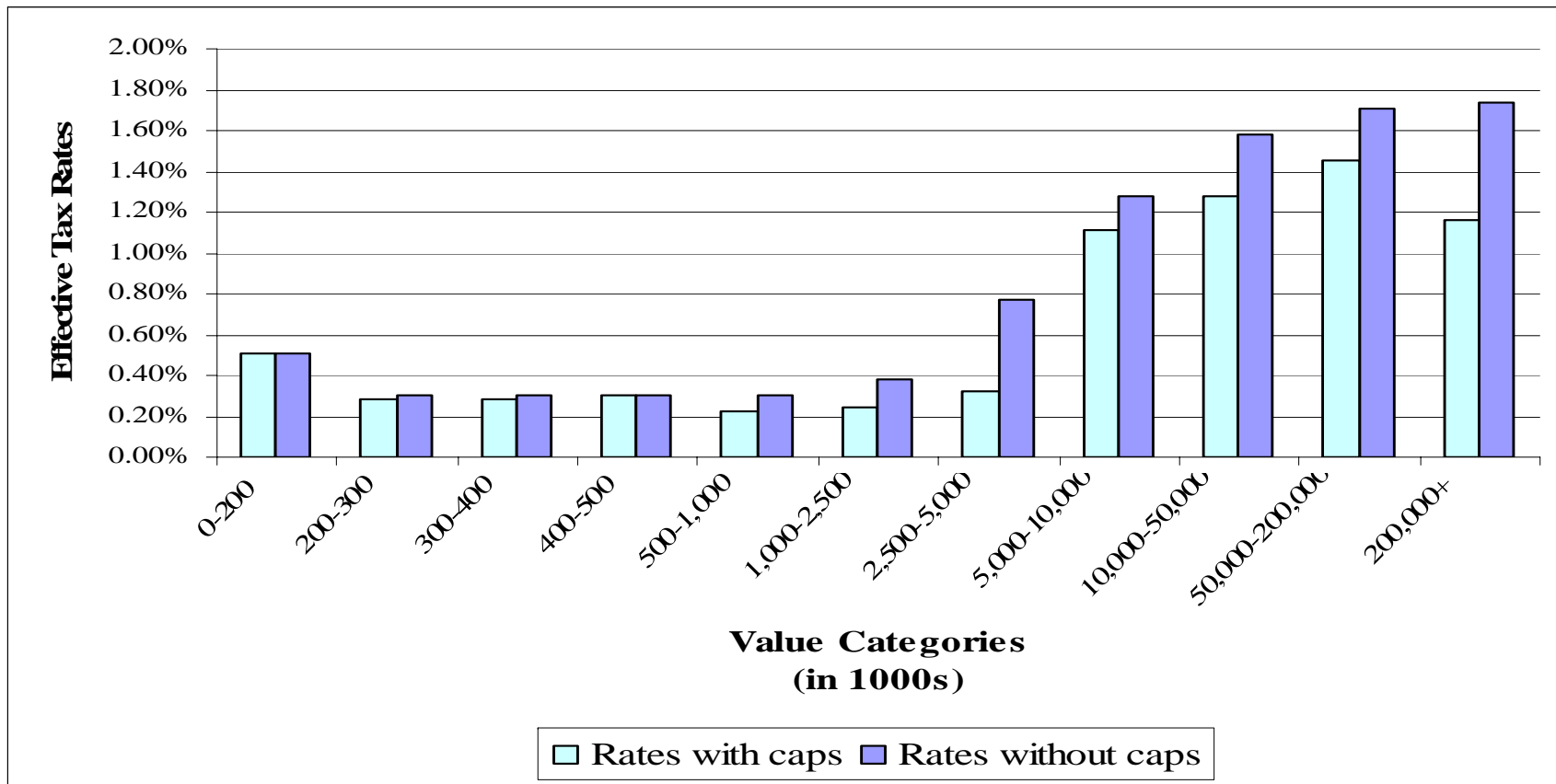


Figure 4: Effective Property Tax Rates

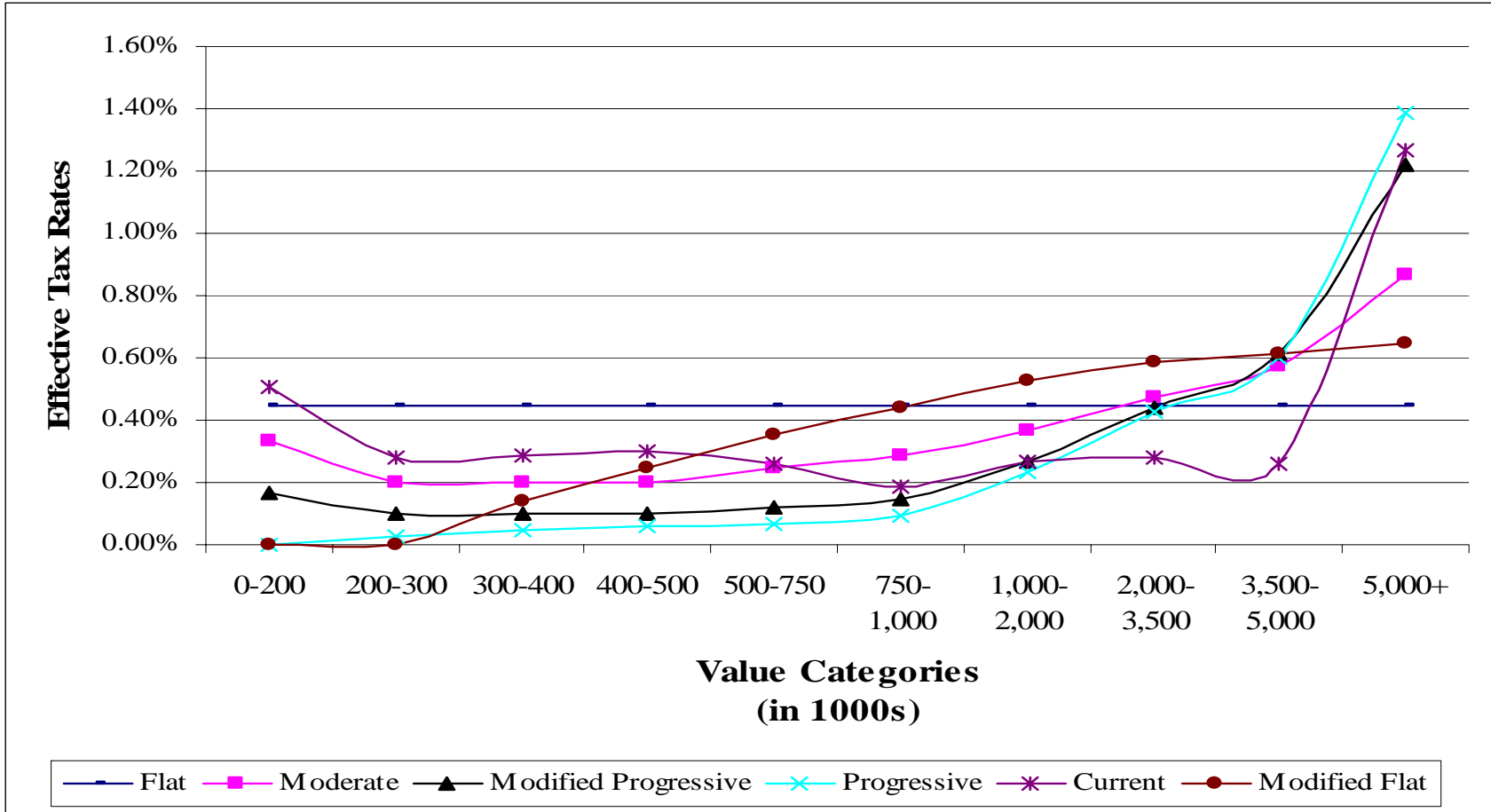


Figure 5: Effective Property Tax Rates

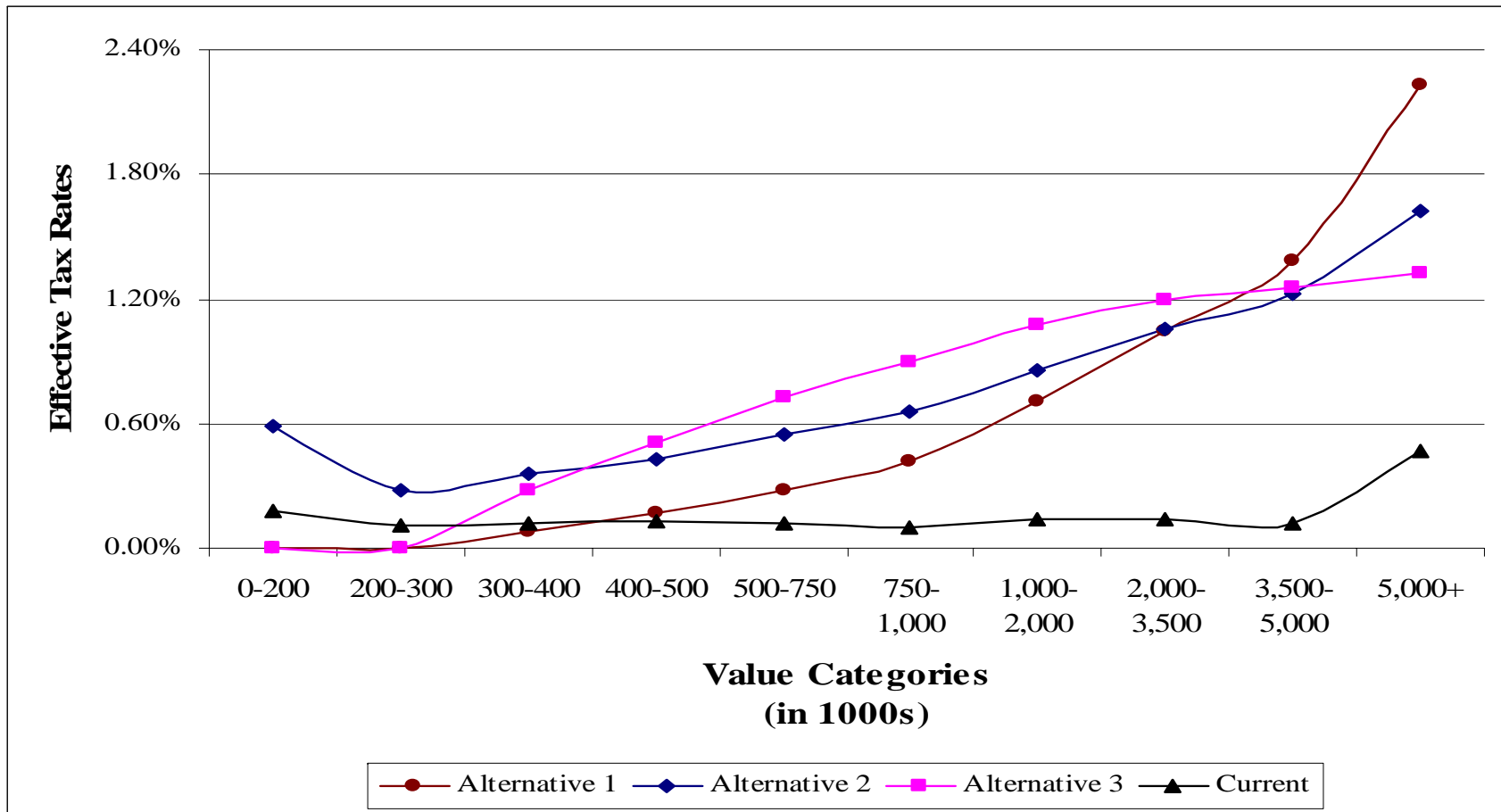


Figure 6: Effective Property Tax Rates
 (Flat rate options with J\$300,000 exemption)

