



## GUIDELINE FOR VALUATION AND PAYMENT OF REAL PROPERTY TAXES

**Self-assessment rule:** Each property owner is required to make self-assessment and pay real property tax following the guideline below:

**Step 1: Measure the size of your property or take property size from ownership certificate for:**

- Vacant or farm land
- Land with structure
- Building or other structure

**Step 2: Value land and building separately using either of the following methods:**

**Valuation Method one:** If property value is already assessed by certified assessors approved by the LRA, use this value and put in the return form as follows:

- Land size in square feet, lot or acre and the estimated assessed value
- Building/structure size in square feet and estimated assessed value

For High end commercial properties with total areas more than **2,500** square feet (*Total Area = length of building multiply by width of building*), owners are required to hire a certified architectural/engineering firm to conduct a professional valuation and provide a notarized appraisal booklet with the property value (such value is valid for 5 years), put this value in the return form and pay the tax accordingly.

**Valuation Method two:** Taxpayers, including those *having low end commercial properties (properties with total areas less than 2,500 square feet [Total Area = length of building multiply by width of building])*, should make own valuation if assessor's value is not available:

- For properties purchased with documents, use the amount paid or the fair market value if higher than the purchased price; separate the land value from the building /structure value
- For properties where the owner does not have purchased documents, make own best estimate of fair market value for land and building/structure, separately and add the two values to determine total value of property.

**Valuation Method three: Farmland**

- For farmland with cash crop (rubber, palm, coco, coconut, coffee, etc.), obtain the land value separately from the deed or the purchase document and the value of each tree of the cash crop. Add the total value obtained from the cash crops to the land value to arrive at the fair market value of your farmland.
- For farmland other than the above mentioned, just declare the fair market value of the land from the deed or the purchase document

**HINT:** You can hire a trained agriculturist for the Ministry of Agriculture of the Farmer Association to conduct the valuation on your cash crop.

**Step 3:** apply appropriate tax rate (0.25% for residential property or 1.5% for income

producing property) on the total estimated market value of land and building and determine the amount of tax as shown in the following example:

**Formula for determining tax amount** = DECLARED MARKET VALUE \* TAX RATE

**Example 1:** Declared total value of both land and building/structure for residential property = US\$ 10,000.00

**Tax amount** = 10,000.00 \* 0.25% (.0025) = US\$ 25.00 for one year

**If payment is for more than one year, for example 2 years,** Tax Amount for residential property = US\$ 25 times two = US\$50.

**Example 2:** Declared total value of both land and building/structure for income producing property = US\$ 10,000.00

**Tax amount** = 10,000.00 \* 1.5% (.015) = US\$ 150.00 for one year

**If payment is for more than one year, for example 2 years,** Tax Amount for commercial property = US\$ 150.00 times two = US\$300.

**Step 4:** Pay the tax amount to any commercial bank or via the mobile-money platform and submit the return to LRA via the e-filing platform or in person to any office of the LRA. Our e-filing service is a user friendly platform that aids you in calculating your tax. To use this service, click this [link](#) to download the *eReturns* file to your desktop and install. Read the User Instruction under the help tab for ease of navigation and usage. Optionally, you can submit your return to LRA via email at [info@lra.gov.lr](mailto:info@lra.gov.lr). Furthermore, to pay, dial \*156# for MTN or \*144# for Orange and follow the on screen instructions to use our Mobile Money platform.

**Optionally,** go to LRA Head Office or any nearby tax office and make cash payments for amounts below US\$ 250.00. For amounts above US\$ 250.00, obtain a manager's check for the tax amount from any commercial bank and make payment to LRA Head Office or any nearby tax office.

**TIN:** Property owners who have no Taxpayer Identification Number (TIN) must obtain TIN from LRA offices in order to make payment.

**Return form:** Download return or declaration form from the LRA website or obtain hard copy from any of the LRA offices

**Disclaimer:** The LRA maintains its rights to revise and impose additional tax on properties valued by the taxpayer applying valuation method two (2) above in case of understatement of value by property owner.