

## What is Property Tax?

Property Tax is a tax levied on real property. It is a percentage of the value assigned to the property and is calculated by the formula:

**Valuation x Tax Rate = Property Tax.**

## What method is used to value properties?

The valuation method is the Market Value. This is the amount that a property might be expected to realize if it is sold on the open market by a willing seller and a willing buyer, both dealing at arm's length. The arm's length principle refers to both parties being independent, unrelated, and acting without bias or favor.

The Department uses three approaches to calculate market value, they are:

- **Sales comparison approach:** the property being valued is compared to recently sold similar properties in the same area
- **Replacement cost approach:** this approach determines the property's value based on cost of replacing the property less depreciation
- **Income approach:** determines a property's value based on the income produced

## What factors affect Market Value?

The primary factor that affects a property's value is its location. Realistically, a house located in Frigate Bay will have a higher value on the open market than one in Newton Ground, despite both having similar size and characteristics.

However, there are other major factors that are used to determine market value of any property:



- Size of the property
- Condition of the building
- Age of building
- Land use
- Value of recently sold similar properties in the same area

## Who is exempt from Property Tax?

According to Section 6, of the Property Tax Act 2007 states;

- Exempted properties are buildings used for divine worship, schools, and properties owned by government.
- Lands used for agricultural purposes are exempt from property tax if they are used solely for farming purposes and approved by the Director of Agriculture.
- Property designated as heritage.
- Property to the extent that it is owned or leased and occupied solely by a charity for its charitable purposes, non-profit, benevolent or philanthropic organization for its purposes
- Property to the extent that it is owned or leased and occupied solely by a residential building is given an annual exemption of eighty thousand dollars.
- New buildings or new improvements are exempt from taxation for one year; however tax is payable for the land on which the new building or new improvement is located.

## What happens during a property valuation?

A valuation officer will schedule an appointment to visit your property. During this visit, they will record all features of the property, necessary for the Department to accurately value your property.

The officers may, in some cases need to see the inside of the structure in addition to the outside. Pictures will be taken of the outside of the structure. These will be used for valuing the property and easy identification. This information will also be used for our GIS system which will increase the accuracy and transparency of valuations.

Some of the measurements and features recorded are; the size and location of the property, the general condition, age and construction materials of any structures on the property, surrounding developments and available public and private services. The homeowner may provide any additional information, which in their opinion may influence the valuation of their property. Personal removable items will not form any part of the valuation process.

## What is the tax rate applied to properties?

Valuation Class	Rate applicable
<i>Residential</i>	<b>0.2%</b>
<i>Commercial</i>	<b>0.3%</b>
<i>Accommodation</i>	<b>0.3%</b>
<i>Institutional</i>	<b>0.0%</b>
<i>Agriculture</i>	<b>0.0%</b>

**NOTE:** There is a surcharge for areas designated as Special Development Areas and is applied after ownership is held beyond a period of one (1) year and the owner fails to develop the land. The surcharge is applied at a rate of 1% of the assessed value for the first year and an additional 1% each year up to a maximum of 5%. The Minister of Finance reserves the right to change the surcharge rate.

## What happens if I do not pay my Property Tax?

If your Property Tax payment is not completed by June 30th annually the following will be charged;

- Interest at a rate of 12% per annum

## When is Property Tax due?

Property Tax is due and payable annually on or before 30th June.

## How is Property Tax calculated?

Example of calculation of tax on a residential property with market value \$140,000; building value \$120,000 and land value \$20,000.

Building Value	<u>\$120,000</u>
Less Exemption	-\$ 80,000
<b>Taxable Building Value</b>	<b>\$ 40,000</b>
Tax Rate	x 0.2%
<b>Tax on building</b>	<b>\$80.00</b>

Land Value	<u>\$20,000</u>
Tax Rate	x 0.2%
<b>Tax on land</b>	<b>\$ 40.00</b>

Tax on building	<u>\$ 80.00</u>
Tax on Land	<u>+ \$ 40.00</u>
<b>Total Tax Due</b>	<b><u>\$120.00</u></b>

## What should I do if I do not receive a bill?

Property Tax bills are mailed out before 31st May annually. It is the duty of the taxpayer to call or visit the Department and request a Property Tax bill if he/she did not receive one.

## Is this tax payable online?

Yes, Property Tax is payable online. You will have to register to use the IRD's e-services. An application form can be downloaded from the IRD's website.

Any additional information about e-services can be found in the IRD's public information brochure entitled "Using e-Services".



## SAINT CHRISTOPHER AND NEVIS INLAND REVENUE DEPARTMENT

### PROPERTY TAX

*This brochure has been prepared by the Saint Christopher and Nevis Inland Revenue Department. If after reading you require additional information, see contact details on back panel.*

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St. Kitts and Nevis Inland Revenue Department



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