

**Lusophone Africa Appendix 4:
Guinea Bissau**

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**Lincoln Institute of Land Policy
Working Paper**

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Lincoln Institute Product Code: WP09LA10

Guinea Bissau



Basic Country Information			
Geographic size	36,125 km ²	Independence	1974 (from Portugal) – following unilateral declaration of independence in 1973
Capital city	Bissau	Population	1.53 million (2009 est.)
System of government	Multi-party democracy	Urbanisation	30% (2008 est.)
Sub-national government	9 administrative regions	GDP (per capita)	US\$600 (2009 est.)
Sub-national Government			
Expenditure responsibility	Due to the structure of Government in Guinea-Bissau, the central Government is responsible for expenditure at all levels. Local governments survive on the base of central Government transfers and tax collected from informal market and small municipal markets.		
Source of revenue	Although, the Law no 7/96 of the 09 December established all source of revenue at local level, the war in 1998 frustrated all intentional move to new style of government administrative structures. By now is not clear when exactly will the government of Guinea-Bissau implement fully all laws (already existing since 1996) with regard to local government. It is clear that the actual structure will continue for some times. The sources of revenue at central government level are Corporate income tax, personal income tax, property taxes (though its weigh is too low due thin sources of this tax).		
Importance of property tax	Since local government is not yet the model for lower levels of government in Guinea-Bissau, property taxes have no direct impact. However, property taxes also play no significant role at central government due to the way in which property taxes have been considered in this country. Only rented (but not state owned) building are object to property taxes, which reduces the source of property taxes to very few buildings. Because of this treatment of property taxes its weigh to GDP is less than 5 per cent.		
Land Issues and the Property Market			
Land tenure	Since Guinea-Bissau became independent land belongs to the state. Efforts to obtain the law on land tenure were fruitless.		
Land titling	All interested in exploiting the land in Guinea-Bissau are welcome but land cannot be held in freehold, only in leasehold.		
Land rent	Land can be leased for a period of 50 years renewable for a further 50 years (i.e. similar to Angola, Cape Verde and Mozambique). A nominal land rent is payable to government.		
Property market	At present there is no property market in Guinea-Bissau.		
Taxes			
National	Personal income tax, corporate income tax, taxes on consumption		
Sub-national	Since there is no local government as such, there are no local taxes. Markets fees are collected in Bissau.		
Property-related Taxes			
National	Capital gains tax		
Sub-national	N/a		

<i>Tax on Rental Income from Property</i>		
Relevant Legislation: Law No 7/96 of the 9 December (which is not yet in force due to political instability)		
	<i>Legislation</i>	<i>Practice</i>
<i>Tax Base & Taxpayer</i>		
Tax base	All buildings in the territory of Guinea-Bissau and based on rented value of the building to be considered. If the building is not rented the tax base will be the value of utility that owner gets. Understanding as such the value that he/she would pay or get in the market if it is rented.	The authorities rely on the declared value and on information gathered by the inspection teams.
Coverage of tax base	There are no numbers on coverage of the tax base.	The practice shows that there is no significant number of buildings covered, since the revenue authority considers only rented buildings.
Taxpayer	The urban building contribution is paid annually in March	
<i>Valuation & Assessment</i>		
Valuation	The valuation is only based on declaration from the taxpayer through the annual filing of a form of declaration approved by the official responsible for finances of the area where the taxpayer resides.	
Responsibility	The valuation is done by a commission of valuation nominated by the minister of finance, minister of public work and one nominated by the president of the state committee of the area where the building is located.	
Valuation cycle	Taxpayers must annually file the form as approved by the responsible of finance of the area where building is located.	
Objection & appeal	All taxpayers are free to object the elements registered in the matrices which serve as base for valuation. They can also resort to legal guarantees established in the general fiscal code and process of fiscal code. The appeal is presented at the fiscal area where the taxpayer filed his/her valuation.	
Quality control measures	The Decree no 43/88 of the 15 of November that all conservatoires of building registration should not proceed with a registration of any building if they are not registered in the respective valuation roll. Any civil servant who has knowledge of violation to the Decree should communicate the head of Department of Finances of the area where the building is located. All state authorities have the right to enforce this Decree.	
Tax rates	Up to PG 1,500,000 of taxable income pays 15 percent and above this amount pays 20 per cent of taxable income.	

Exemptions	<ul style="list-style-type: none"> • State and municipal and local buildings, • Building classified as national heritage or of public interest, • All other fiscal benefits fixed by special legislation as well as those that results from state accord and any legal public or private person and international convention according to legislation authorizing such exemption, • Associations or municipal federations; • Social security and providence institutions; • Foreign states when buying urban buildings for exclusive for embassy or consul; • Humanitarian associations and other institutions legally recognised by pursuing non-profit activities. 	
<i>Tax Administration</i>		
Tax relief measures	Those property used for own or family residence are exempted for 10 years. Also for those building with rental value in between PG 240,000 and PG 600,000	
Collection	Urban building contribution is due by March each in the Department of Finances of the area where the building is located. This tax in Guinea-Bissau is collected by the central government	
Enforcement	If a taxpayer declare false rental income will be punished by paying a double of tax due with the minimum amount of PG 100,000. If the taxpayer does not present the declaration referred to by the article 18 paragraph 2 will be punished by a fine in between PG 1,000 and PG 10,000, among other measures of punishment. The application of a fine does not free the taxpayer of fulfilling his/her obligation with regard to the tax.	
<i>Additional Comments</i>	Guinea-Bissau still has a long way to go if property tax is to become an important source of revenue. Among the difficulties of using property taxes is the political instability and the lack of implementation of Laws with regard to local government that will decentralise some kinds management to local level, which will necessarily consider property taxes as their main sources of revenue.	