

**Conference and Plenary Meeting of the Permanent Committee
on Cadastre in the European Union**

The Economic Impact of Cadastre for the Society

Bucharest, Romania

6 - 7 June, 2019

***Economic impact of the cadastral
information in the real estate taxation
in Italy***

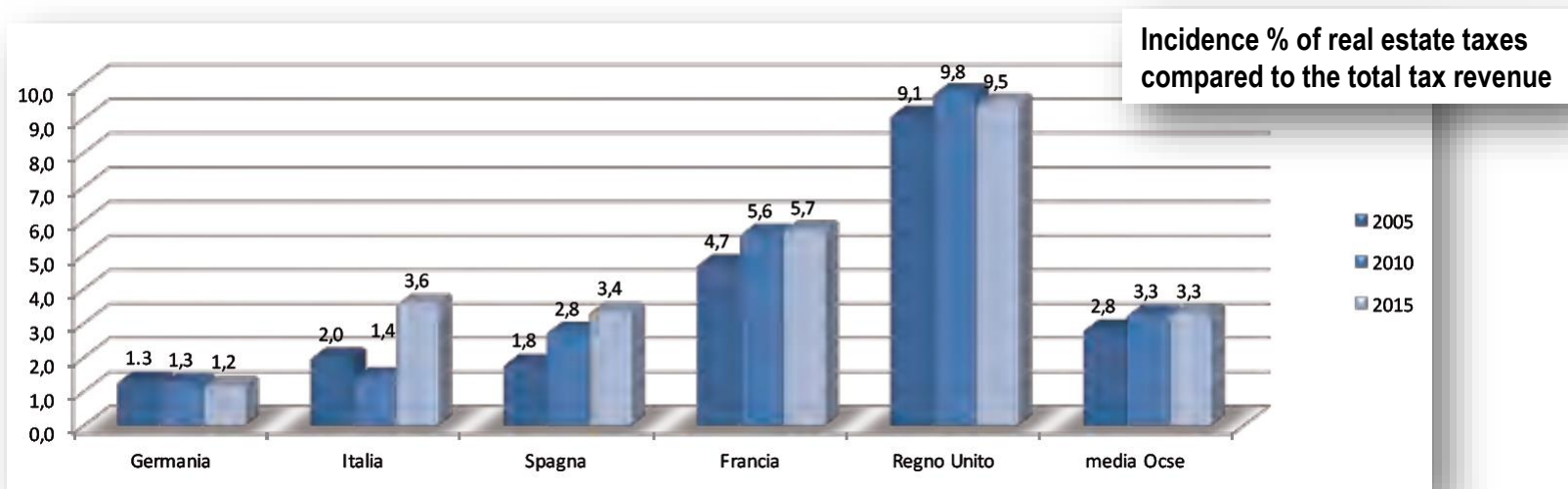
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Cadastral data and immovable property taxation in Italy

In Italy, as in many other Countries, the tax on real estate assets is the main resource for local public bodies, whose existence is guaranteed by the "principle of benefit", according to which the policies that increase the value of the tax base are actually a benefit also for tax payers.

A property inventory system, constantly updated, which allows a detailed knowledge of the real estate assets from a technical, economic and property rights point of view, represents an essential resource for the real estate taxation of each Country.



In the real estate taxation field, the cadastral valuation plays a significant role, as it represents the reference for the calculation of the tax base of several taxes, both recurrent and non-recurrent.

In Italy⁽¹⁾, the cadastral mass valuation system pursues the objective of determining the "*theoretic yearly income*" of every real estate, the so called

CADASTRAL INCOME,

assessed with reference to a specific economic period

- *established by law and currently fixed in the biennium 1988/1989* -

through different methodologies which depend on the real estate designated use.

⁽¹⁾ *Agenzia delle Entrate* is the Italian public body charged with the management of Tax revenues, Cadastre, Land Registers and the R.E. Market Monitoring System.

CLASSIFICATION DEPENDING ON THE REAL ESTATE DESIGNED USE



REAL ESTATE UNITS
for
ORDINARY USE

GROUP A - 11 typologies (DWELLINGS, OFFICES, PROFESSIONAL STUDIOS)

GROUP B - 8 typologies (PUBLIC USE)

GROUP C - 7 typologies (COMMERCIAL/ARTISAN BUSINESS, OUTBUILDINGS)



REAL ESTATE UNITS
for
**SPECIAL AND
SPECIFIC USE**

GROUP D - 10 typologies (INDUSTRIAL AND SPECIAL COMMERCIAL USES)

GROUP E - 9 typologies (SPECIAL USE, COMMUNITY INTEREST)



**FICTITIOUS
TYPOLOGIES**

GROUP F - 7 typologies (PROPERTIES THAT DO NOT HAVE THE CAPACITY OF
PRODUCING INCOME)

THE CADASTRAL INCOME ON REAL ESTATE URBAN UNITS

The economic component of the Italian cadastral information is based on the (mass) valuation of the theoretic yearly income (ref. to 1988-89 period) of every real estate, the so called

Cadastral Income



Urban Real Estate Units for **ORDINARY** use (*houses, offices, shops, etc.*)

*The cadastral income is calculated by associating to the urban unit the proper **category** and **productivity class** (to which a specific “per-unit tariff” is assigned)*

Cadastral Income = urban unit size (*cadastral rooms/m²/m³*) **X per-unit tariff** (€/rooms or m² or m³)



Urban Real Estate Units for **SPECIAL** or **PARTICULAR** use
(*e.g. industrial buildings, malls, airports, railway stations, etc.*)

*The cadastral income is calculated by **specific assessment**, unit by unit*

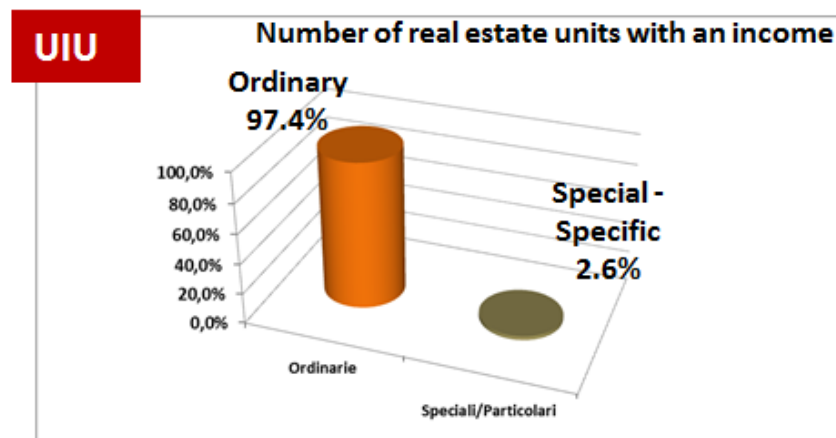
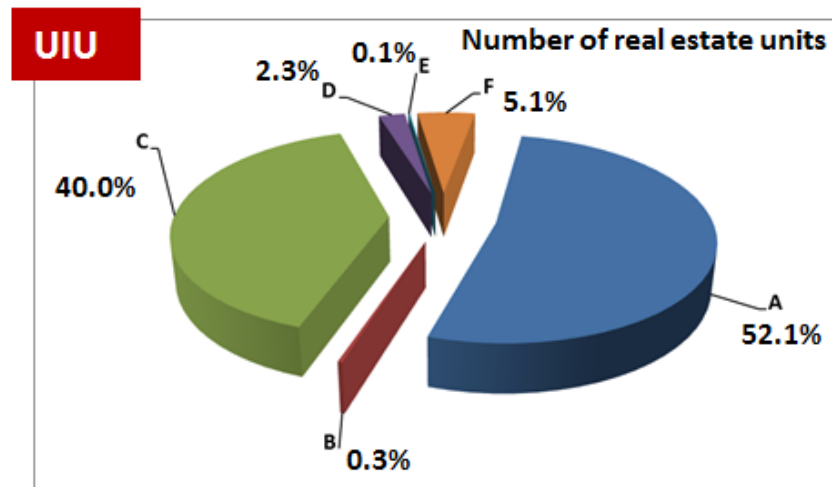
THE URBAN REAL ESTATE STOCK

74
million

The real estate stock registered in the Italian cadastral archives*

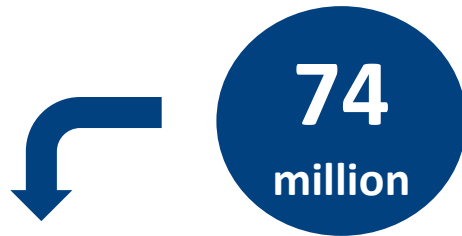
Cadastral typologies	Stock
Group A (dwellings, offices, professional studios)	52.1%
Group C (commercial/artisan business, outbuildings)	40.0%
Group D (special use)	2.3%
Group E (specific use)	0.1%
Group B (public use)	0.3%
Group F (particular units – <i>fictitious</i> typologies)	5.1%

(*) With the exception of the data concerning the territories in which the Cadastre is managed, by delegation of the State, by the Autonomous Provinces of Trento and Bolzano.



UIU = Urban Real Estate Unit

THE URBAN REAL ESTATE STOCK



The real estate stock registered in the Italian cadastral archives

63.8
million

Out of these, are registered under “**ordinary**” and “**special**” cadastral typologies, bearing indication of “*cadastral income*”

6.6
million

Properties are “common properties unsuitable for producing income” (*namely properties with a shared use by several real estate units, that do not independently produce an income*)

3.4
million

Properties are registered under cadastral typologies of group F (*as real estate units that do not have the capacity of producing income - unbuilt urban areas, paved roofs, real estate urban units under construction or still lacking an assigned use, units in a state of collapse*)

Contents of the Italian Cadastral System

THE CADASTRAL INCOME ON REAL ESTATE URBAN UNITS

63.8
million

Are registered under “ordinary” and “special” cadastral typologies, bearing indication of cadastral income

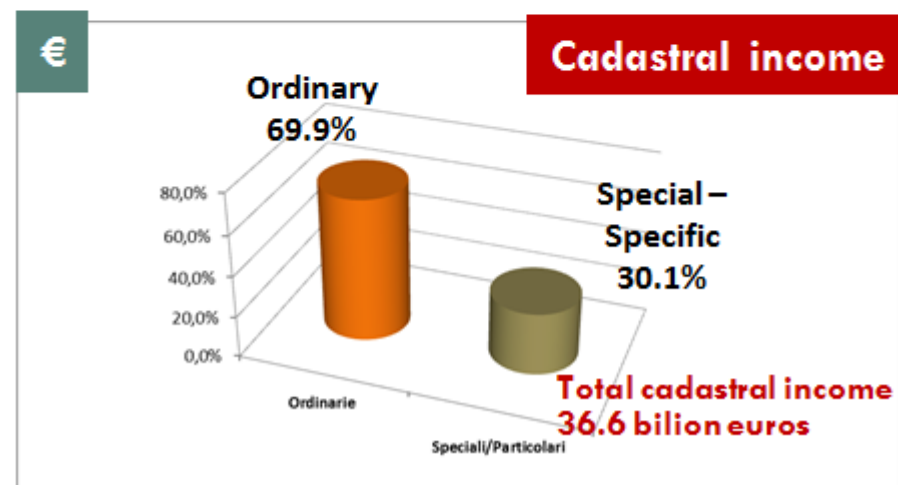
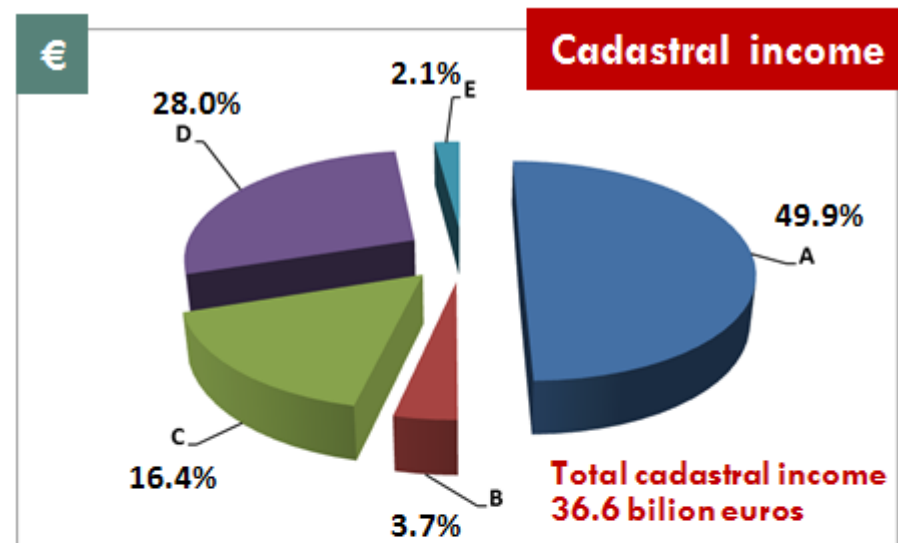
Total Cadastral Income

36.6
billion €

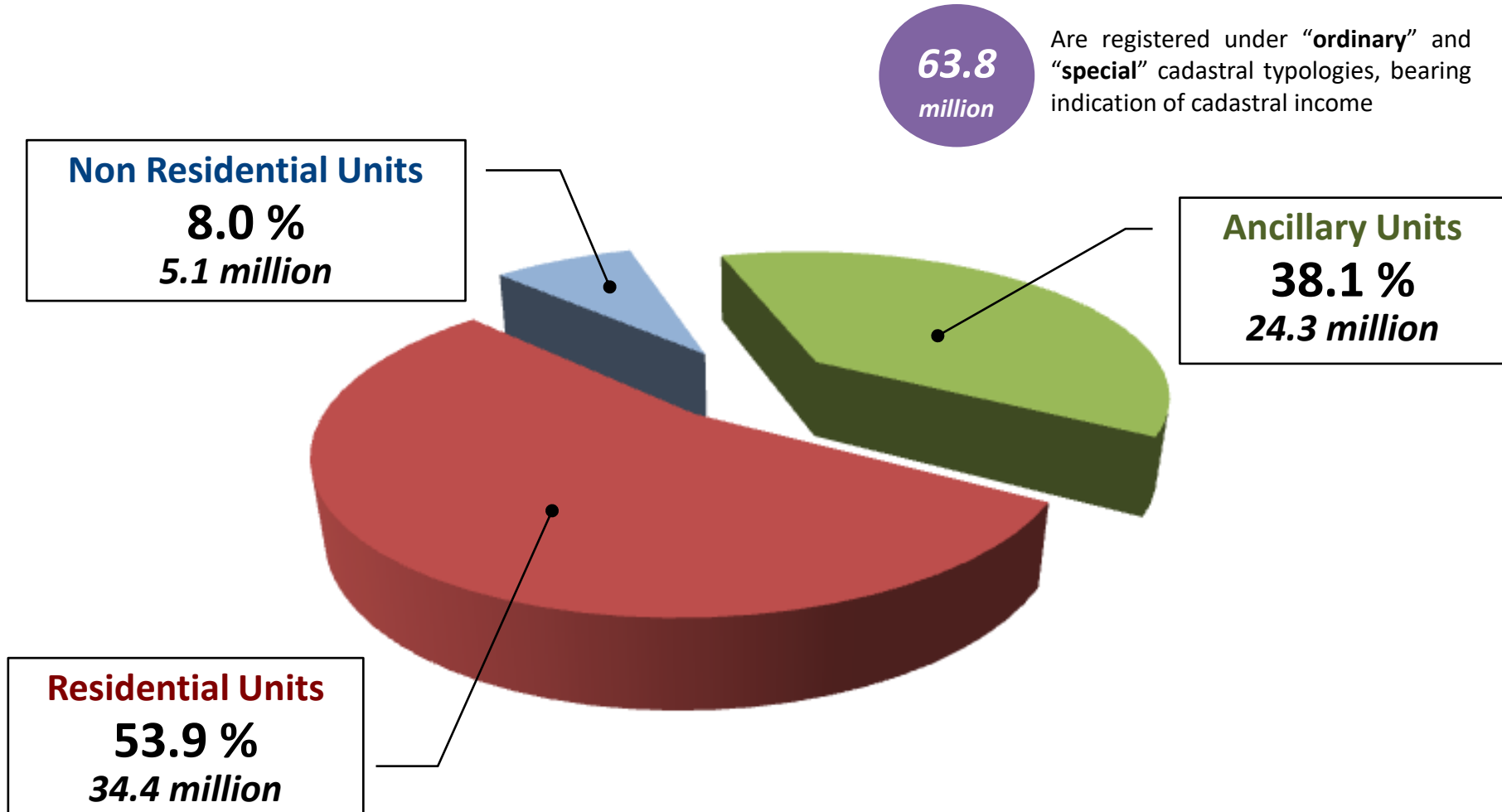


69,9% of the total cadastral income (25,6 billion euros) refers to properties from groups A, B and C

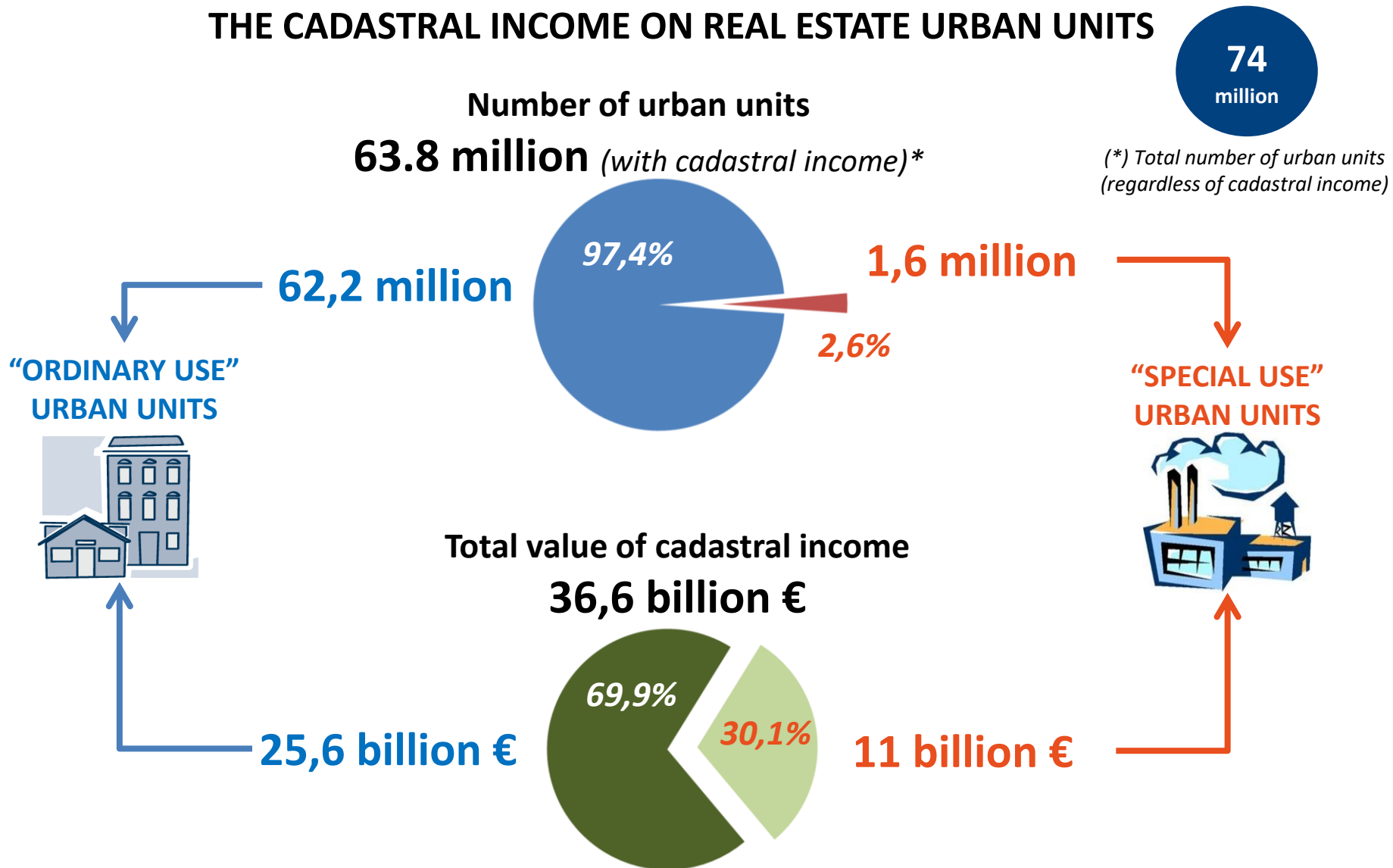
Properties of **group D**, though only **2.3%** of the total real estate stock, produce a relevant part of real estate income, equal to **28%** (about **10.2 billion euros**)



THE URBAN REAL ESTATE STOCK

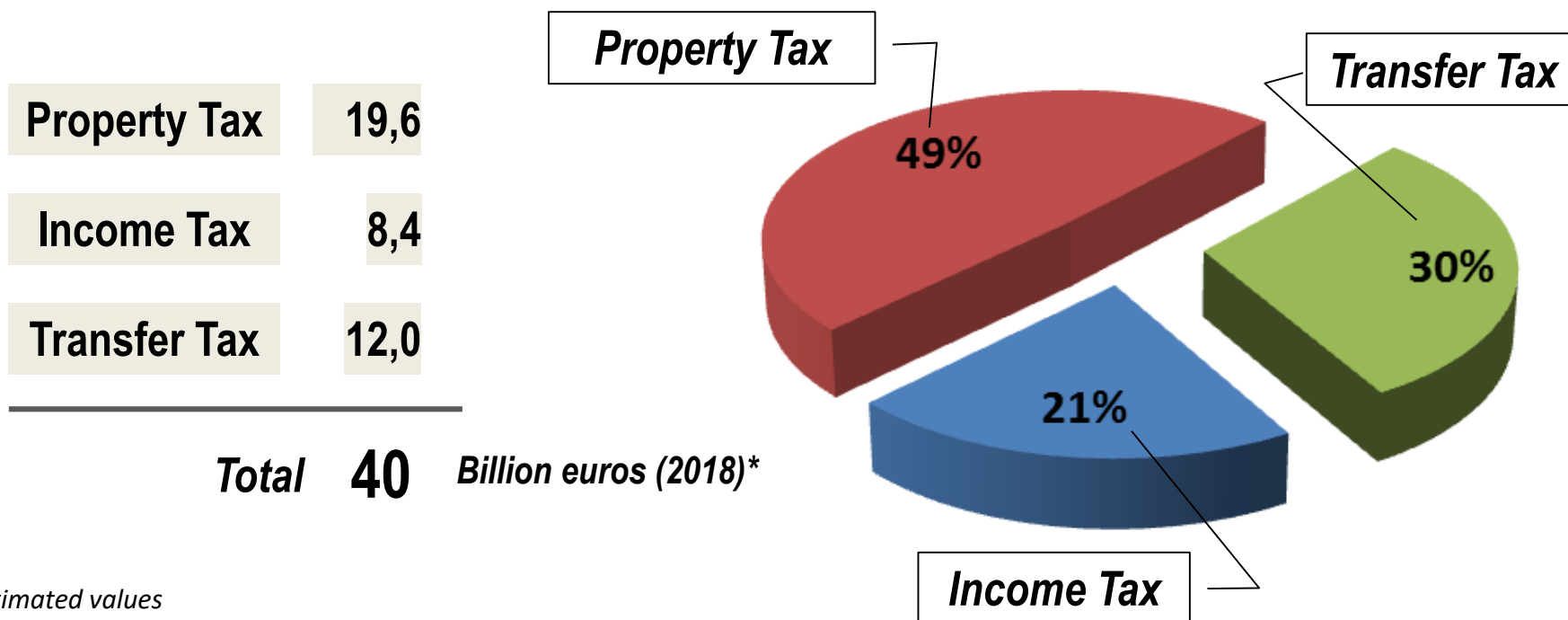


THE CADASTRAL INCOME ON REAL ESTATE URBAN UNITS



Immovable property taxation in Italy:

- **Income** taxes (personal and corporate income taxes),
- **Property** taxes (municipal property taxes)
- **Transfer** taxes (VAT, Register, Cadastre, etc.)



Cadastral Value as base for the Municipal Property Tax

Tax **Rate** decided by each Municipality
within limits fixed by the State

$$\text{Municipal Property Tax} = [\text{Cadastral Value}] \times R$$

$$\text{Cadastral Income}^* \times F$$

Houses	$F = 160$
Offices	$F = 80$
Shops	$F = 55$
Plants	$F = 65$
....	

Defined as the "*theoretic yearly income*", it is evaluated by the local offices of "**Agenzia delle Entrate**".

Factor fixed by the State.

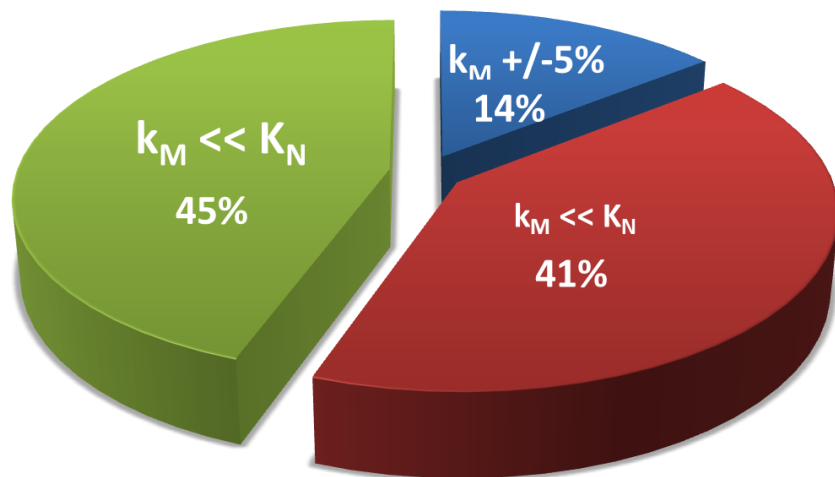
For real estate, it varies according only to the designated use (residential, industrial, commercial, ...).

* Increased of 5%

Gap analysis of cadastral values and market values

National average ratio

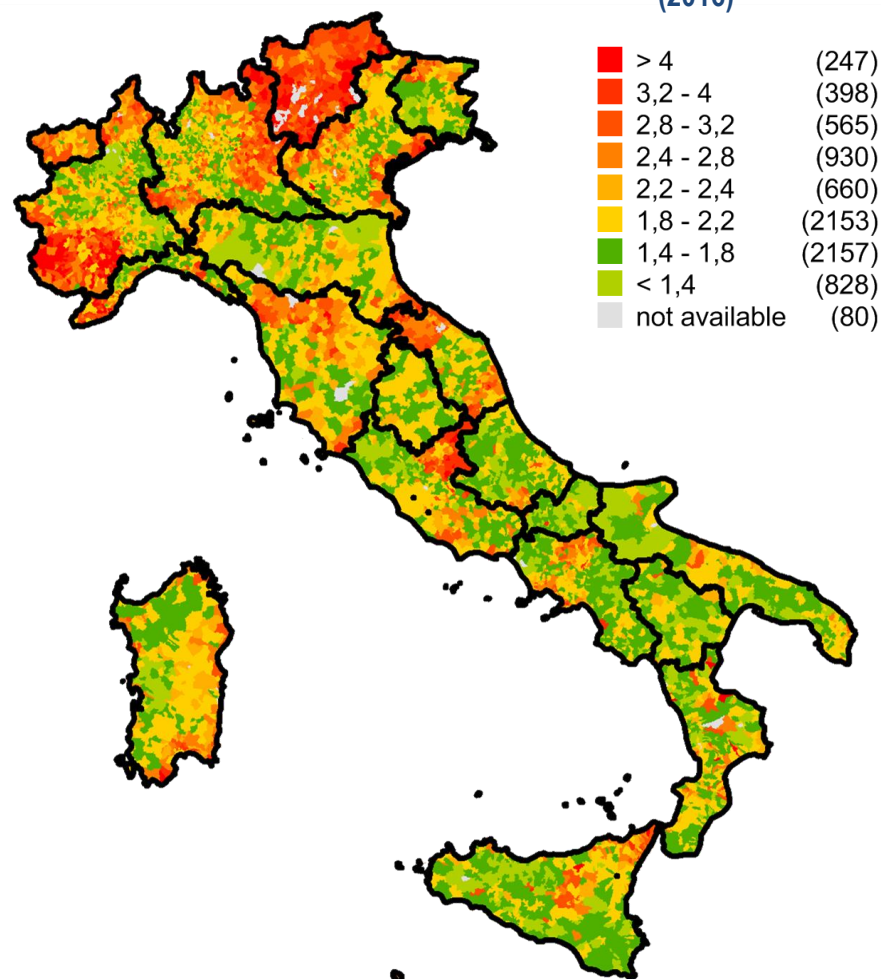
$$K_N = \frac{\text{Average Market Value}}{\text{Average Cadastral Value}} = 2.0$$



K_M = Municipal average ratio

Houses

(2016)



It is clear how real estate taxation system relies upon:

- ✓ a **correct valuation of the immovable properties** and
- ✓ a **fair and reliable information system (Cadastre)**

In this context, to achieve a fair taxation system, it is crucial to maintain and support:

- ✓ an accurate **knowledge of real estate stock** together with a continuous monitoring of the **characteristics and dynamics of real estate market**
- ✓ a reliable **cadastral information system**
- ✓ coherent and efficient **procedures for the mass valuation** of tax bases
- ✓ a correct identification of the **taxable persons**

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Thanks for your kind attention

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