



## Conference and Plenary Meeting of the Permanent Committee on Cadastre in the European Union (PCC) and EuroGeographics CLRKEN

### “CONTRIBUTION OF THE CADASTRE TO THE WELFARE STATE; THE ROLE OF CADASTRE IN REAL ESTATE VALUATION AND TAXATION”

# Results of the Questionnaire

## Introduction:

The overall topic of the 2023 PCC and CLRKEN Joint Conference will be the "CONTRIBUTION OF THE CADASTRE TO THE WELFARE STATE: TAXATION AND OTHER SERVICES". This is in line with the motto of the Spanish Presidency of the Council of the EU in 2023: "Driving greater social and economic justice".

As cited in the United Nations document "Framework for Effective Land Management", land administration relates people to land and informs about the "how", "what", "who", "when" and "where" of land tenure, **its use, its value** and its development. Land administration systems are the basis for recording the complex range of rights, restrictions and responsibilities related to people, policies and places.

In previous questionnaires of the PCC, we have been dealing with many of these issues, however, we still need to deal with the fiscal component of the cadastre, the valuation of real estate and its use as a basis for real estate taxation essential to promote social justice and economic development.

For this reason, the questionnaire aims to know the role that the cadastres of European countries play in the valuation and taxation of real estate

## Answers

### 1. PARTICIPATION IN THE SURVEY:

29 countries answered the questionnaire:

25 countries of European Union: Belgium, Bulgaria, Czechia, Denmark, Germany, Estonia, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg,

Hungary, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland and Sweden. And Scotland in UK, Switzerland, Ukraine and Moldova

## 29 Participating countries

replied  
 no feedback or out of scope

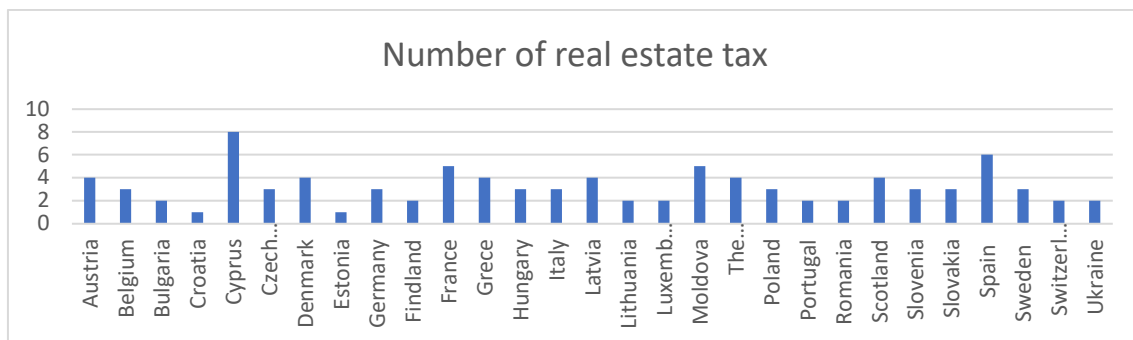


## 2. REAL ESTATE TAX SYSTEM

About the Real Estate Tax System, difficulty was found in drawing conclusions, because the countries show very different systems and very different interpretations of the questions.

**2.1 What are the main taxes on real estate in your country and at what level are they managed?**

**2.2 And at what level are the main taxes collected?**



2 are the most frequent: Recurrent Property Tax (in different forms) and Transfer Tax (in different forms)

**All the countries except Croatia have Recurrent Property tax**

## Recurrent Property Tax

- With
- Without



### At what level the Recurrent Property Tax is managed ?

- National in France, Estonia, Lithuania, Portugal
- Subnational in Switzerland
- Part National and part local in Denmark
- Part Subnational and part Local in Belgium and Germany
- Part National, part Subnational, part Local in The Netherlands

In most of the countries (21) the recurrent Property tax is managed at LOCAL level (17+ 4 countries)

## Transfer Tax (or Stamp duty, or Property acquisition duty, or purchase tax)

- With
- Without There is no transfer tax in Estonia

### At what level the TT is managed ?

Most of the countries (21) at National Level

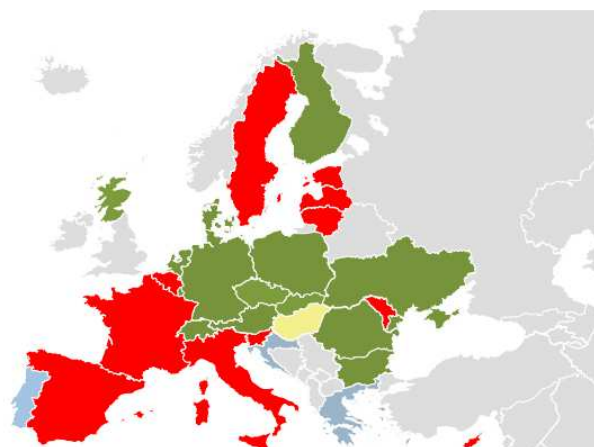
- Subnational in Germany, Switzerland and Spain
- Subnational and national Belgium, Subnational in Flemish region and National in Wallonia and Brussels regions
- Local in Croatia and Ukraine



## 2.2. What are the competences of the Cadastre in relation to these taxes?

In all countries except Greece, Croatia and Portugal, cadastre data is used for real estate taxation.

- Provide the data
- Provide the data and define values of the real estate
- (Hungary) Defines value for administrative service fee.



**2.4. If you know the data, please indicate what percentage of municipal income represents the recurring property tax.**

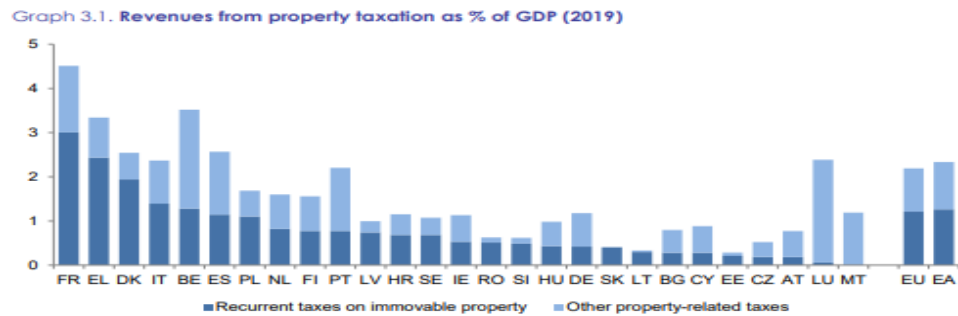
Estonia	3
Austria	3,5
Czech Republic	5
Germany	5
Luxemboug	5
Latvia	7,1
Findland	7,9
Moldova	11,81
Ukraine	15
The Netherlands	16,6
Slovenia	20
Poland	22,7
Spain	23
Italy	25
Belgium	30
France	45

In many countries this percentage is highly variable from one municipality to another.

**2.5. If you know the data. Please indicate what percentage of GDP represents the Recurrent Property tax.**

In 2019 (last year published), revenue from these taxes was equivalent to 2.2% of Gross Domestic Product on average in the EU, which is relatively low.

More than half of all property tax revenues came from recurrent property taxes (1.2% of GDP), but there are sizable differences across Member States. While France has recurrent property tax revenues of 3.0% of GDP, Malta does not levy recurrent property tax at all



[https://economy-finance.ec.europa.eu/system/files/2022-02/dp156\\_en.pdf](https://economy-finance.ec.europa.eu/system/files/2022-02/dp156_en.pdf)

### 3. VALUATION

#### 3.1. The value of real estate is the same for all taxes

In most of the countries the value of real estate is not the same for all the taxes



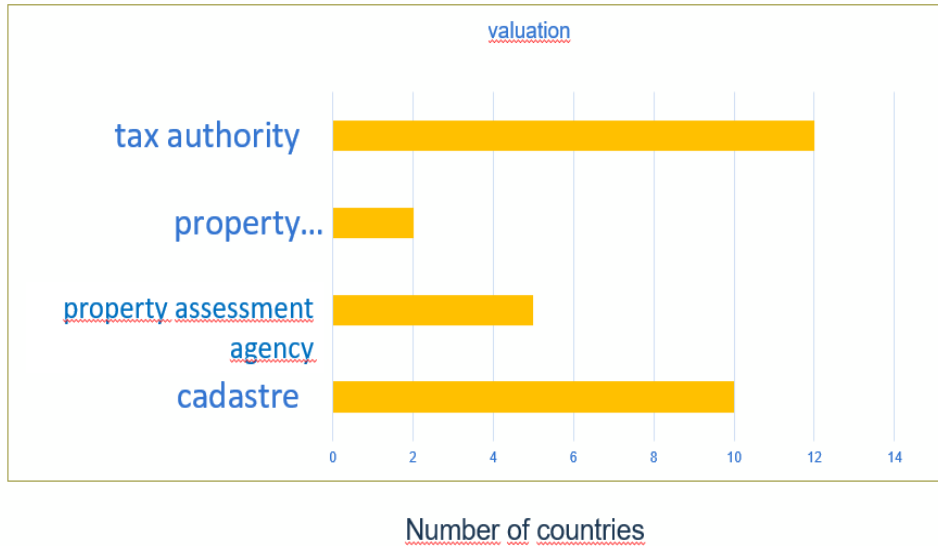
In some countries the values of the real estate are not the basis for the taxes

#### 3.2. Which institution determines the value of real estate in the different taxes on real estate?

10 cadastral organizations are responsible for valuation for Recurrent Property Tax: France, Belgium, Cyprus, Estonia, Italy, Lithuania, Latvia, Moldavia, Slovenia and Spain.

In Sweden, cadastre (Lant materiet) defines values but the tax authority defines the values for RPT.

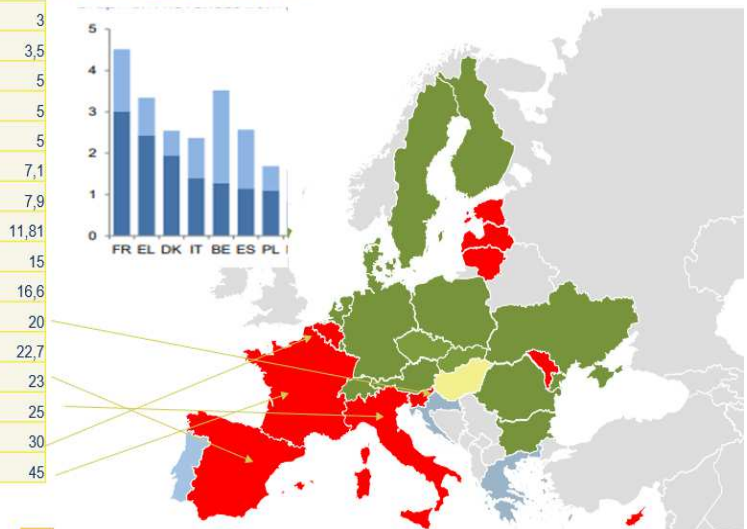
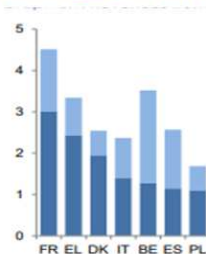
The institutions responsible for valuation are:



In countries where the Recurrent Property Tax represents a higher percentage of municipal revenue, the cadastre is responsible for the valuation

percentage of municipal income represents the Recurrent Property Tax.

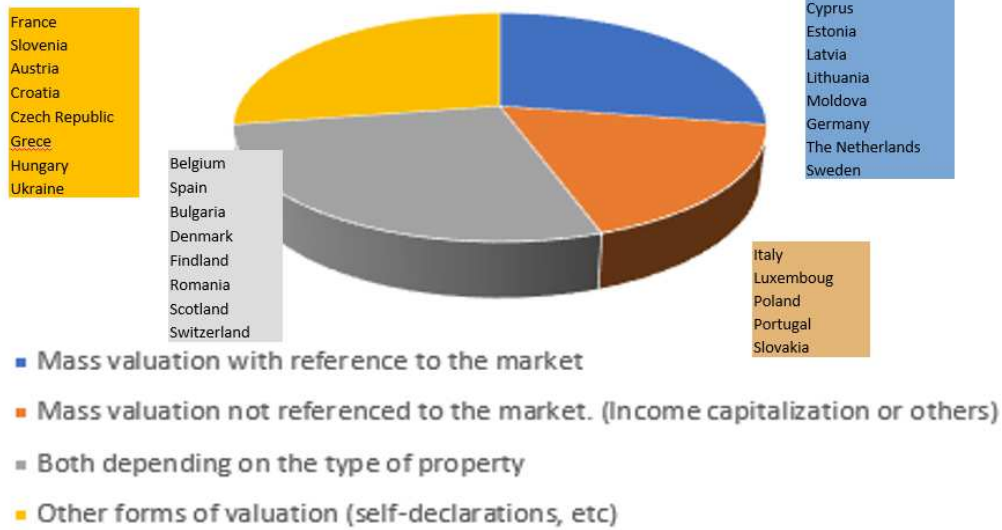
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### 3.3 How are the property values calculated?

The valuation method is very different from country to country.

Valuation methodology for recurrent property tax



Although the OECD and other organizations point out that aligning the tax base of RPT with current market values ensures efficiency and is likely to be widely considered as fair, the situation in Europe is very diferent.

Analizing the system of the cadastral organizations (10) that are responsible for valuation for RPT:

Cyprus	Mass valuation with reference to the market
Estonia	Mass valuation with reference to the market
Latvia	Mass valuation with reference to the market
Lithuania	Mass valuation with reference to the market
Moldova	Mass valuation with reference to the market
Italy	Mass valuation not reference to the market
Belgium	Both depending on the type of property
Spain	Both depending on the type of property
France	Other forms of valuation (self-declarations, etc)
Slovenia	Other forms of valuation (self-declarations, etc)

## Belgium

- For the property tax and income tax, Belgium cadastre uses the cadastral income, which represents the annual net rental value in 1975.
- For transfer tax: sales value

## France

It's a self-declaration.

The owner provides a description of his house or apartment (surface, number of rooms, comfort elements...).

Thus, it enables to calculate the basis of the tax, using

- communal benchmarks for residential premises (communal rates set by category of premises)
- or by sub-departmental sector and category of premises for business premises.

## Italy

The tax base (the value) is determined by law.

In some cases (for example, building land) is the market value and it is determined by the Municipalities.

In other cases (for example, building or farmland) is determined by multiplying the "Cadastral Income" (i.e. the potential ordinary rental income, evaluated by the local offices of "Agenzia delle Entrate") and specific coefficients

- for buildings, they vary according to the building permitted use;
- for farmland they are fixed

At present the economic data used in the current mass valuation of "Cadastral Income" refer to the period 1988-89 and the last update of the coefficients was established by law in 2012.

## Slovenia

Slovenia has established a modern system of mass valuation of real estate, which is based on the market value of real estate, and which is used for various public and private purposes.

Unfortunately, the market values from the mass real estate valuation system are not yet used to assess the tax based

Today, property tax is still assessed administratively based on administratively determined points by each municipality, even though market values are available for all 9 million properties in the country.

3 data bases related to market prices and market values in Slovenia have been established and are managed and maintained, namely,

1. the Sales Price Register (market prices),
2. the Valuation Models Register (17 valuation models) and
3. the Property Values Register (market values for 9 million properties) in the country.

## The republic of Moldova

Moldova is currently in gradual transit from the old system of real property taxation, where the tax amount is calculated depending on the land area [land tax] and where the tax charged on buildings and structures [real estate tax] is based on the taxable standard value, to the new *ad valorem* system of taxation.



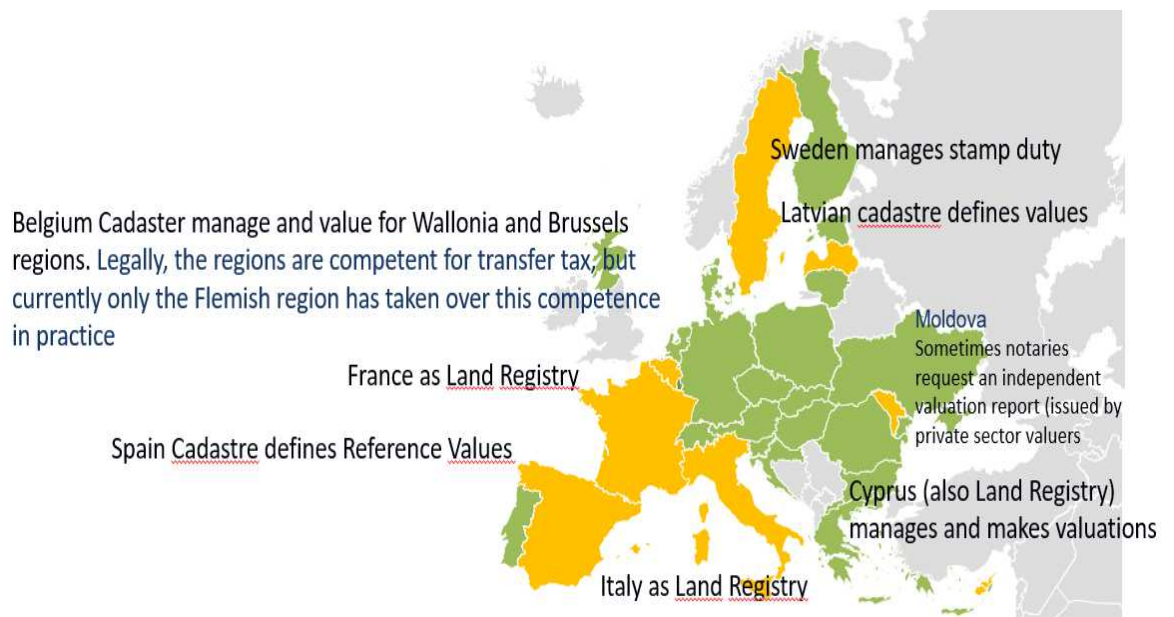
The market value of real property is determined by cadastral authorities for this new system of real property taxation.

Thus, the *ad valorem* taxation system applies to the real property types already covered by the performed mass valuations.

**For Transfer Tax (or Stamp duty, or Property acquisition duty, or purchase tax).**

In most of countries for transfer tax the values are self-declared and subsequently controlled by the administration.

8 cadastral organizations are involved

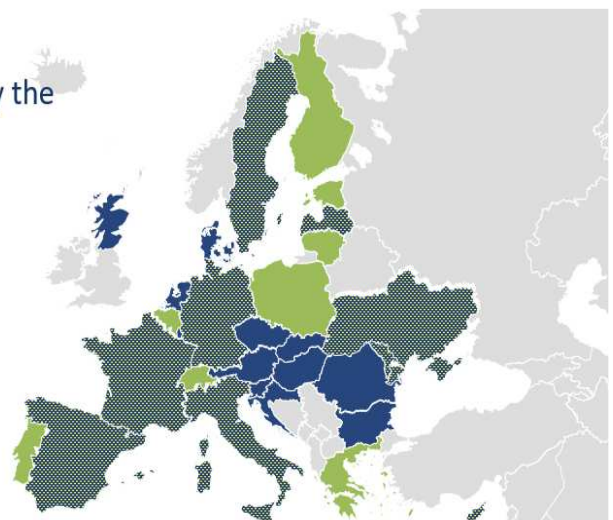


**3.4. Is there a Market Values Observatory?**

21 countries have established a market values observatory.

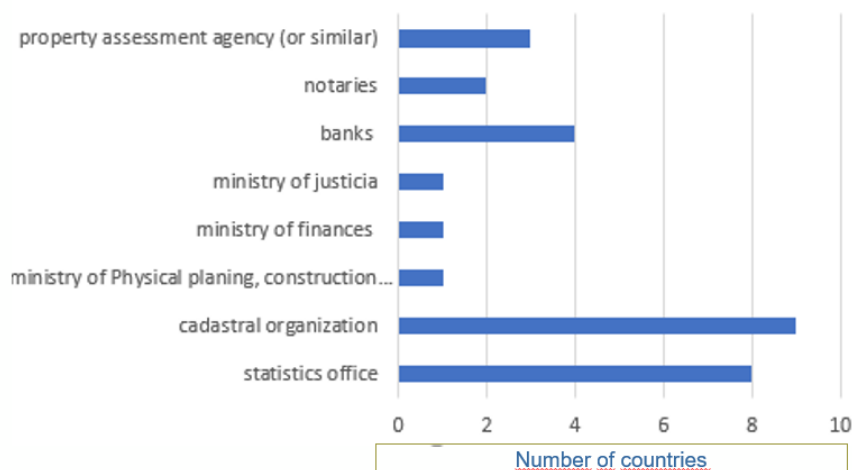
But only In 9 of the 21 it is carried out by the cadastral body

- |               |               |
|---------------|---------------|
| Cyprus        | Moldova       |
| France        | <u>Sweden</u> |
| Germany       | Ukraine       |
| Italy         | Spain         |
| <u>Latvia</u> |               |



### 3.5. If any, which body is responsible for the Market Values Observatory

Body responsible for the market observatory



Austria	statistics office		
Belgium			
Bulgaria	statistics office		
Croatia	ministry of Physical planing, construction and state asets		
Cyprus	cadastre	central banks	statistics office
Czech Republic	ministry of finances	ministry of justice	
Denmark	property assessment agency		
Estonia	cadastre		
Germany	cadastre	property assessment agency	
Findland			
France	cadastre		
Grece			
Hungary	statistics office		
Italy	cadastre		
Latvia	cadastre		
Lithuania			
Luxemboug	statistics office		
Moldova	cadastre		
The Netherlands	statistics office	property assessment agency	
Poland			
Portugal			
Romania	statistics office	notaries	
Scotland			
Slovenia	cadastre		
Slovakia	bank		
Spain	cadastre		
Sweden	cadastre		
Switzerland	banks		
Ukraine	cadastre		

#### Some remarks

##### France

The Direction Générale des Finances Publiques shares information on the value of real estate sales, in open data and via an online service, to help owners estimate the market value of their property. Other professions, such as notaries, also offer this type of service.

## Germany

Is done by the expert committee that is either a part of the local government (municipality or district) or a part of the cadastral authority. One of their main tasks is to publish ground reference values every 1 – 2 years. Ground reference values are a basis for recurrent property tax.

## Italy

The Real Estate Market Observatory (OMI) collects and processes information on real estate prices and **rentals** of different buildings typologies (houses, offices, commercial, industrial), throughout the whole national territory, every half-year. It manages a database (range, min/max, of the average market value of the units located in a municipality homogeneous zone and characterized with a specific permitted use) and produces statistics, analysis and studies ensuring the publication of periodic Reports on Italian Real Estate Market.

## Sweden

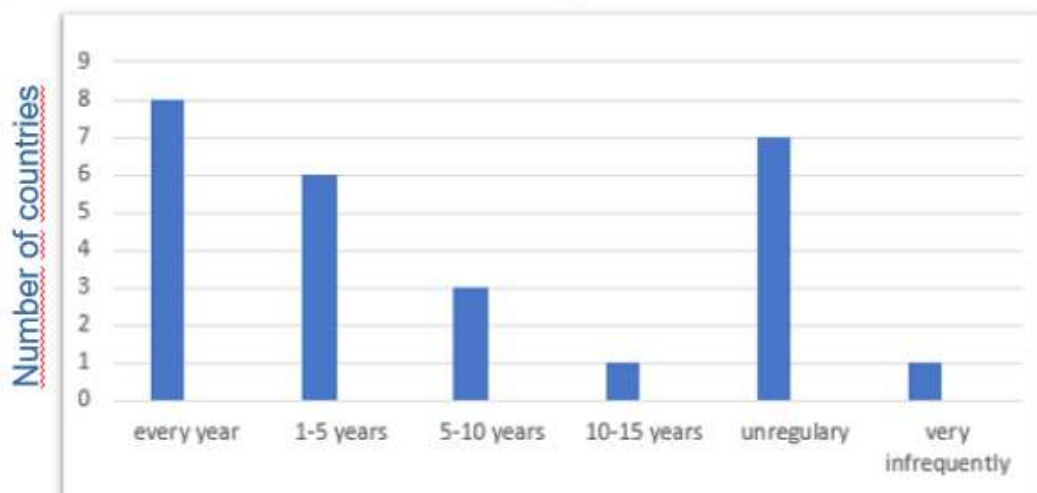
Sales price register administered by Lantmäteriet. Information from sales price register is distributed by retailer concept.

### 3.6. How often are property values updated for recurrent property tax?

OECD says that Regular revaluation at shorter intervals is preferable to irregular, less frequent value updates.

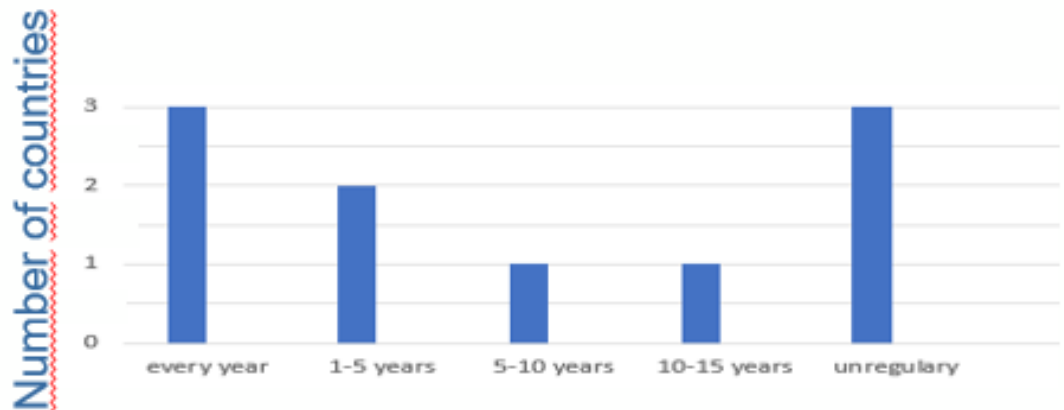
Regular revaluation at shorter intervals will not only keep the tax efficient, but might also be more acceptable than irregular and less frequent revaluations, as property owners will face smaller and more predictable increases.

But the situation in Europe is very different:



	every year	1-5 years	5-10 years	10-15years	unregularly	very infrequently
Austria			1			
Belgium					1	
Bulgaria	1					
Croatia						
Cyprus		1				
Czech Republic					1	
Denmark		1				
Estonia		1				
Germany			1		1	
Finland						
France	1					
Grece						1
Hungary		1				
Italy					1	
Latvia	1					
Lithuania			1			
Luxemboug					1	
Moldova					1	
The Netherlands	1					
Poland	1					
Portugal		1				
Romania	1					
Scotland					1	
Slovenia						
Slovakia						
Spain	1					
Sweden		1				
Switzerland				1		
Ukraine	1					

For the 10 countries where cadastres are responsible, the situation does not improve



For example

Luxemburg: Base value unchanged since 1941 – adapted by local multiplication factors.

Slovenia: for market value each 2 years, but for taxable base is not done.

### 3.7. Are the real estate values published? If yes, where?

	RPT	transfer tax	value declared
Austria	statistics office	statistics office	statistics office
Belgium			
Bulgaria	municipalities	notaries	
Croatia			ministry of physical planning
Cyprus	cadastre		
Czech Republic			cadastre
Denmark	Property assessment office		
Estonia	cadastre		
Germany			
Finland			
France			
Greece			
Hungary	statistics office	statistics office	statistics office
Italy	cadastre	cadastre	in the deeds in Land Registry and notaries
Latvia	cadastre	cadastre	in the deeds in Land Registry and notaries
Lithuania	cadastre		
Luxembourg			
Moldova	cadastre	cadastre	cadastre
The Netherlands	cadastre		
Poland			
Portugal			
Romania	municipalities	Notarial Guides	
Scotland	Revenue Scotland	cadastre (land registry)	cadastre (land registry)
Slovenia	cadastre	cadastre	cadastre
Slovakia	municipalities		
Spain	cadastre	cadastre	in the deeds in Land Registry and notaries
Sweden	cadastre		
Switzerland	tax authority	tax authority	tax authority
Ukraine			monitoring of land sales prices

Number of countries:

published in cadastre	11
published in other body	8
not published	10

For the 10 countries where cadastres are responsible of valuation, 9 publish the data

Cyprus  
Estonia  
France  
Italy  
Latvia  
Lithuania  
Moldova  
Slovenia  
Spain

And also publish these data, Swedish and Netherlans cadastres.

In Netherlans values are available to a limited extent for residential units. The national portal for valuation (hosted by Kadaster on behalf of the Netherlands' Council for real estate assessment) allows you to obtain values of 5 residential properties at a time.

Real estate values of commercial (non-residential) properties are not published.

## 4. FUTURE

### 4.1. Are any changes in the property tax system underway or planned?"

15 countries answered yes and in 8 of them it affects the cadastral institution.

	type of tax	change of level of responsibility	valuation	publicity of values	coleccion	change of tax rate	Value observatory	It-system
Belgium		1			1			
Cyprus			1					
Denmark		1	1					
Germany	1		1					
Finland							1	
France			1					
Latvia			1			1		
Luxemboug	1	1	1		1			
Moldova			1					
The Netherlands						1		
Portugal			1					
Romania			1					
Spain			1	1				
Sweden								1
Ukraine			1	1	1			
	2	3	11	2	3	2	1	1

Some comments:

Finland:

In the new situation (not yet applicable) there will be purchase price register – based system defining market value and run by the NLS.

Germany

In 2019, a property tax reform was passed that provides for a federal model as well as a possibility for deviating state models. Some federal states have subsequently enacted their own property tax laws. All properties will be revalued for property tax purposes. The new property tax will be levied for the first time from 2025.

Belgium

Change of level of responsibility

Ongoing transfer for registration and inheritance duties to the regional levels (Brussels and Wallonia)

Collection

Transfer prices will be collected at regional level and communicated to the federal Cadastre.

Denmark

The responsibility for collection of land tax and municipal service tax on business property is changing on January first 2024 from the local to national level.

France

For the recurring property tax on residential premises, a major reform will come in the next few years.

The aim of this reform, known as the "revision of rental values", is to align the bases with the reality of the rental market, whereas today the bases are set with reference to 1970 rents (even though they are updated each year by applying a national coefficient).

Portugal

New valuation model for rural real estate.

Ukraina

Change in Valuation Methodology:

Mass land valuation for tax purposes is to be introduced

Moldova

It is planned to perform initial mass valuation of all real property types as well as revaluation of the real property assessed earlier.

Cyprus

Improve mass valuation methodology in commercial properties and at the stage of developing property indices

## 5. CONCLUSIONS

THE ROLE OF CADASTRE IN REAL ESTATE VALUATION AND TAXATION is very different from country to country.

Also the existing taxes, the distribution of responsibilities between the different administrative levels and the importance of the real estate taxes in terms of gross domestic product and municipal revenues are very different.

Cadastral data from most countries is used for real estate taxation.

For some cadastral institutions this function is very important and in 10 of them the cadastre is responsible for the valuation of real estate for taxation.

However, in 19 countries (of 29), the cadastre is not currently involved in real estate taxation and only provide data.

Valuation systems are in many cases lagging far behind and many valuation reforms are underway.

However, experience shows that reforms of tax systems and valuation methods are slow and difficult (Slovenia)

The establishment of market price observatories is progressing throughout Europe.

There is also an increase in the publication of values as an important economic attribute of real estate and the involvement of cadasters in this publication.