Belgian and foreign cadastral income: valuation of properties in Belgium and abroad

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Patrimonial Documentation Belgium
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VALUATION OF PROPERTIES IN BELGIUM
Valuation of real estate: WHY?

- Property tax
- Income tax
- Inheritance and registration duties (Transfer taxes)
Valuation of real estate: WHEN?

Occupation of newly constructed properties

Major transformations (rebuilds, enlargements etc)

Completion of properties already occupied

Rectification of valuation errors

New machinery or equipment put into service

Property tax
Valuation of real estate: Sources of information

- Building permit information
- Architectural plans
- Site visits
- Declarations by the owner
Definition of cadastral income

Average
- Average income of similar properties

Normal
- Exclusion of abnormally low or high incomes

Net
- Reduced for maintenance and repair costs by:
  - 40% for built property
  - 10% for non-built property

Annual
- 1 year at the reference date
Valuation methods

Unbuilt properties
Valuation based on scales of cadastral incomes per hectare

Number of properties
4,439,574
Valuation methods

Machinery and equipment

Valuation: 5.3% of use value

Number of properties: 64.221
Valuation methods

Built properties

- 4 methods
- Cascade system determined by legislation

Number of properties
6,856,400
Valuation methods

1. **Rental value in 1975**
   - Value converted back to the reference period

2. **Comparison points**
   - Reference period sales value
   - Most common method: 
     - Current sales value
     - Reference period sales value x 5.3% to obtain the reference period rental value

3. **Built properties**
   - 4 methods \(\rightarrow\) Cascade system determined by legislation

4. **Current sales value**

Most common method
Valuation principles based on the comparison method (method 2)

Comparison points

- Location
- Property characteristics → construction code

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<tr>
<th>Baukode</th>
<th>Art</th>
<th>Indiz</th>
<th>Fassade</th>
<th>Anzahl</th>
<th>Bewohnbarer Speicher</th>
<th>Zu bauen</th>
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Valuation principles based on the comparison method (method 2)

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- **Garages**
- **Bathrooms**
- **Number of residential units**
- **Number of habitable rooms**
- **Built surface**
- **Usable surface**
- **Type of construction**
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- **Habitable roof top floor**
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40 House without habitable basement

30 Villa

470 Castle
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Usable Surface = Coefficient * Surface

Ground floor

1st floor

2nd floor
Valuation principles based on the comparison method (method 2)

- Usable Surface
- Unit Price/m²
- Supplements and Reductions:
  - Comfort level
  - Finishing
  - Character
  - Location
- 0,60 (gross to net)

Cadastral Income
VALUATION OF PROPERTIES ABROAD
Belgium condemned by the CJEU

Proposed solution: value cadastral income for foreign properties

Law approved by the Parliament

Collecting information from citizens

Valuation and communication of the cadastral income
How to calculate cadastral incomes without reference points in 1975?

What capital did one have to have in 1975 to purchase the same property?

Current sales value is converted back to 1975.

Correction factor for every year since 1975.
Valuation method based on the current sales value (method 4)

\[
\text{Value in 1975} \times 5.3\% = \text{Cadastral Income}
\]

- Current value
- Correction factor
- Capitalisation rate in 1975
Examples: valuation method based on the current sales value

1) House in France with a current selling price of 275.000€

\[
\text{Cadastral Income} = \frac{275.000€}{15.25} \times 5.3\% = 955€
\]

2) Apartment bought in Spain in 2019 for 180.000€

\[
\text{Cadastral Income} = \frac{180.000€}{15.006} \times 5.3\% = 635€
\]
A FEW KEY FIGURES

- 200 different countries
- 208,460 different Belgian citizens
- 199,602 properties*
- 24,259 multi-owners*
Type of properties

- Farm: 40%
- Commercial: 1%
- Industrial: 9%
- Residential: 42%
- Factory: 0%
- Others: 7%
Top 3 countries by continent

1. **North America**
   1. USA
   2. Canada
   3. Mexico

2. **South America**
   1. Brazil
   2. Colombia
   3. Argentina

3. **Europe**
   1. France
   2. Spain
   3. Italy

4. **Asia**
   1. Turkey
   2. India
   3. Israel

5. **Oceania**
   1. Australia
   2. New Zealand
   3. French Polynesia

6. **Africa**
   1. Morocco
   2. South Africa
   3. Congo

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**Percentage Distribution**

- North America: 0.7%
- South America: 95.3%
- Europe: 0.4%
- Asia: 2.6%
- Oceania: 0.1%
- Africa: 0.9%
Number of owners by foreign country

Belgian owners
- 0 - 50
- 50 - 100
- 100 - 500
- 500 - 1000
- 1000 - 10000
- 10000 - 50000
- 50000 - 100000

0 250 500 750 1000 km
Future challenges

- Rework property tax base
- Move towards a new valuation method
  - mass valuation system
- Better collaboration with the local and regional authorities
  - collection of data
- Better collaboration with other countries
  - exchange data on properties of Belgian citizens abroad
  - OME?
- Moving towards open data cadastre
Questions

remarks

?

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