The Role of the StateGeoCadastre of Ukraine in Taxation - State of Play and Further Plan

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Participants of the taxation system

The Ministry of Finance of Ukraine
forms the state tax policy

The State Service of Ukraine for Geodesy, Cartography and Cadastre
maintains the State Land Cadastre

State Tax Service
supervises the accrual and payment of taxes

Local Self-Government Bodies
set the rates of local taxes and fees

Ministry of Justice of Ukraine
maintains the State Register of Property Rights to Immovable Property
The State Service of Ukraine for Geodesy, Cartography and Cadastre maintains the State Land Cadastre.

The State Land Cadastre is a source (for tax purposes):

- information on the object of taxation (land plots)
- information on the normative monetary valuation of land plots (tax base)

This information is provided in the form of extracts from the State Land Cadastre.
State Land Cadastre in 2022

**February 2022**
- Suspension of the State Land Cadastre and the Public cadastral map

**March – April 2022**
- Implementation of the functional for blocking of the access for selected territorial communities
- Re-allocation of the physical system, Ensuring the data security

**May 2022**
- Restoration the operation of the automated system of the State Land Cadastre

**July 2022**
- Functional for automated normative land valuation extracts for agricultural lands (outside the settlements) developed

**September 2022**
- Negotiations on the cloud-based cadastre are ongoing

**October 2022**
- Functional for automated normative land valuation extracts for lands (inside the settlements) developed

**November 2022**
- Implementation of the functional for blocking of the access for selected territorial communities
State Land Cadastre in 2023

June 2023

The functionality of entering information about the normative assessment carried out after 01.01.2022 has been introduced

August 2023

Automatic calculation of normative valuation of individual land plots has been introduced

Current work

Filling the cadastre with information on the normative monetary valuation of territorial communities
Dynamics of land parcels’ registrations

Registration of land parcels

- 2013: 1.2 mln.
- 2014: 877.7
- 2015: 726.3
- 2016: 936.4
- 2017: 1.1 mln.
- 2018: 1.2 mln.
- 2019: 1.2 mln.
- 2020: 1.6 mln.
- 2021: 1.5 mln.
- 2022: 463,8
- 2023: 494,1
Dynamics of extracts from State Land Cadastre

Extracts from State Land Cadastre (paper form)

- 2017: 1.1 mln.
- 2018: 815 389
- 2019: 1.21 mln.
- 2020: 761 328
- 2021: 463.7
- 2022: 1.40 mln.

Due to closed public cadaster map the share of E-services went down

Share of online extracts

- 2017: 9.2%
- 2018: 15.5%
- 2019: 19.7%
- 2020: 23%
- 2021: 25%
- 2022: 27%

Extracts via online service

- 2017: 197 500
- 2018: 242 434
- 2019: 316 027
- 2020: 363 278
- 2021: 369 076
- 2022: 166 297
Exterritorial approach – is the key principle of the E-services operation

The business process of the exterritorial service:

Supply of the documents or request for the service

Center of Administrative Services

Automated system randomly choose any of the cadastral registers to fulfill the service

Typically it takes 5 days for the completion of the service

Ready service (extract, registration, etc) is sent to the Centre of Admin Services or to email

Portal of E-Services

www.e.land.gov.ua
Two new fully automated services were implemented in 2022

From Oct 2022 extracts on normative land valuation

100 %

Online

Extracts on normative land valuation of agricultural lands outside the settlements

262 433

Extracts on normative land valuation within the settlement

1 006 868

In case of the information availability in the State Land Cadastre on both the land NMV of the settlement and the land plot itself
Filling the State Land Cadastre with information on the normative monetary valuation of lands

100% of agricultural land (outside settlements)

11,216 settlements

The calculation of the normative monetary valuation of individual land plots in these territories is carried out automatically.
Priorities under the Martial Period

- Proper security of the national registries and data bases, mainly State Land Cadastre, NSDI and Geodetic Network

- Hardware to ensure the security of the systems and registries

- Cloud-based storage for the strategic systems’ operation

- Stable energy supply for the systems’ operation
Land Valuation Development Initiatives

2021
- Updating the Methodology of Normative Monetary Valuation of Land: One Territorial Community – One Technical Documentation
- Analysis of information on operations in the land market in order to ensure the transition to mass land valuation
- Development of the first draft of the concept of mass land valuation

2022
- Digitalization of services for the provision of information on the normative monetary valuation of land for settlements and non-agricultural purposes

2023
- Preparation for a pilot project on mass land valuation
Tax basis for land payments
(land tax and rent for state and municipal land):

- the normative monetary valuation of land in accordance with the established norms
  (Tax Code of Ukraine, Law of Ukraine «On Land Valuation»)

The basis for estimating the market value of land plots
(estimating the sale price of land lots and rights to them):

- expert monetary valuation of land plots, which is calculated according to market indicators
  (Law of Ukraine «On Land Valuation»)
Background on the mass land valuation implementation
Current land taxation regulation

The usage of different bases for calculating the amount of taxes and fees and estimating the market value of land plots leads to an economic distortion in the general concept on the value of a territory (land plot) as an object that produces profit from its utilization.

Comparison of the average sale price of land plots and their normative monetary valuation
(in the period from 01.07.2021 to 01.03.2023)

According to the State Register of Property Rights in the period from 01.07.2021 to 01.03.2023

- Commercial agricultural land: 88180 UAH per plot
  - Contract price: 72500
  - Normative monetary valuation: 270

According to monitoring of land sales (StateGeoCadastre) in the period from 01.07.2021 to 01.03.2023

- Built-up public land (purchase): 650,5 UAH/m. sq.
  - Contract price: 270
  - Normative monetary valuation
The implementation of mass land valuation in Ukraine aims to overcome shortcomings and has advantages:

- **Improving the tax system:** mass land valuation will allow for more transparent estimation of tax rates and the amount of taxation of land plots, ensuring more efficient collection of taxes and fees.

- **Reducing corruption:** mass land valuation can reduce corruption risks, as the valuation procedure will be more transparent and fair.

- **Improving the investment climate:** transparent mass land valuation will boost the investment climate in Ukraine and increase the confidence of investor.

- **Harmonization with international standards:** the implementation of mass land valuation will be in line with international standards and recommendations, in particular the European Convention on the Valuation of Real Estate.
STATE ANTI-CORRUPTION PROGRAM for 2023-2025
(Resolution of the Cabinet of Ministers of Ukraine dated March 4, 2023)

Challenge 2.5.5. The procedure of collecting land tax and renting state and municipal lands is accompanied by corruption risks due to the possibility of providing them for usage at a cost below the market value

**Expected strategic results:**

1) Implementation of a pilot project to estimate the amount of land tax based on the indicators of mass land valuation, taking into account international standards of property valuation for tax purposes;

2) Implementation of amendments to the Tax Code of Ukraine and the Law of Ukraine «On Land Valuation» to set rental rates for state-owned and municipal land plots based on their market value
Stages of mass land valuation implementation in Ukraine

1. Implementation of a pilot project to estimate the amount of land tax based on the indicators of mass land valuation, taking into account international standards of property valuation for tax purposes:
   1) amendments to the Law of Ukraine «On Land Valuation» (completed 08.06.2023);
   2) adoption of a Resolution of the Cabinet of Ministers of Ukraine defining the procedure for implementing a pilot project on mass land valuation (completed 13.10.2023);
   3) start of the pilot project (starts);
   4) putting into trial operation a geographic information system for mass land valuation as part of the State Land Cadastre software;
   5) putting into industrial operation a geographic information system for mass land valuation as part of the State Land Cadastre software.

1. **Create zoning of the territory**

   Zoning of the territory based on the parameters that affect the market value of land plots ensures that market prices depend, in particular, on the degree of exploration and engineering development of the territory.

2. **Create a mathematical model for calculating indicators of mass land valuation**

   It is necessary to choose which mathematical model we will use.

3. **Create a geo-information system for mass land valuation**

   The geographic information system should be a component of the State Land Cadastre.
THANK YOU FOR ATTENTION!

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