

**ATHENS, GREECE
19 - 20 SEPTEMBER 2016**

**High-Level Joint FIG / World Bank Conference
Sustainable Real Estate Markets
Policy Framework and Necessary Reforms**



**ATHENS, GREECE
19 - 20 SEPTEMBER 2016**

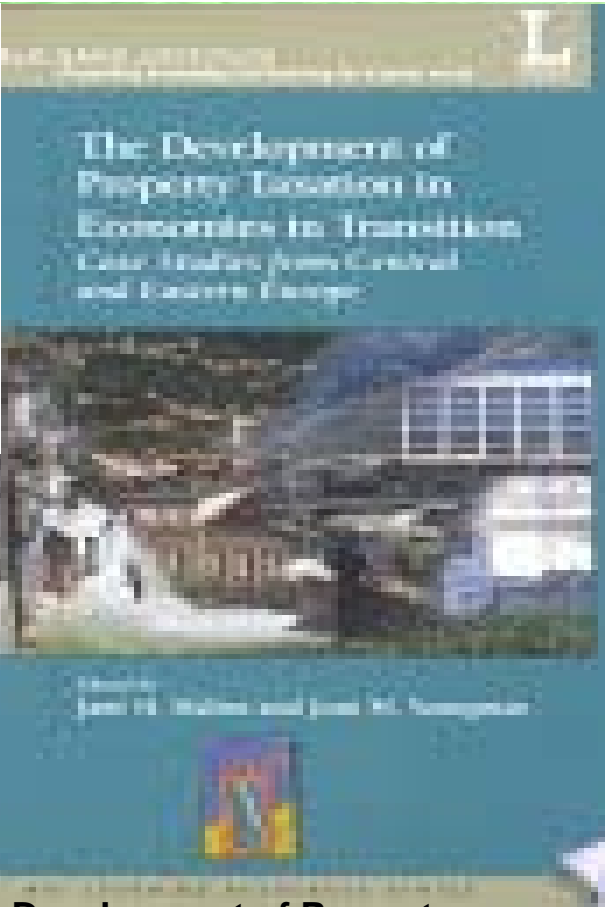
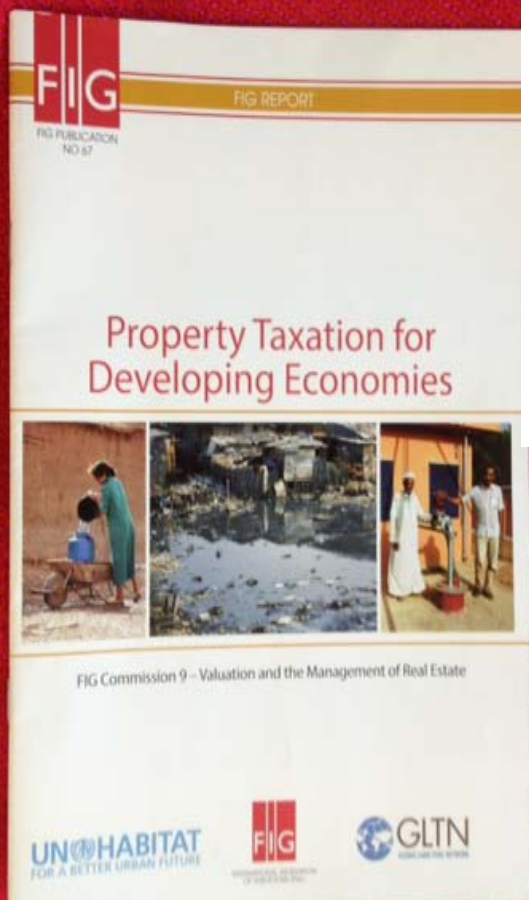


The Property Valuation and Taxation System in Russia

Vasily NILIPOVSKIY

(State University of Land Use Planning, Moscow, Russia)

**ATHENS, GREECE
19 - 20 SEPTEMBER 2016**



Property Taxation for Developing Economies:
Frances Plimmer and William J McCluskey.
Copenhagen: The International Federation of Surveyors
Publications No 67. 2016.

**The Development of Property
Taxation in Economies in Transition:
Case case studies from Central and
Eastern Europe** : Jane H. Malme,Joan
M. Youngman. Washington : World
Bank Publications. Oct. 2001.

Sustainable Real Estate Markets Policy Framework and Necessary Reforms



ATHENS, GREECE
19 - 20 SEPTEMBER 2016

High-Level Joint FIG / World Bank Conference

Sustainable Real Estate Markets Policy Framework and Necessary Reforms

19 & 20 September 2016

"For a World Free of Poverty, Fear and Inequality,
where Life is Safe and Growth is Resilient and Sustainable"

Venue 1 (19 September): The Old Stock Exchange Building
1 Pnykassiou St, Athens, Greece

Venue 2 (20 September): Boudoukaki Foundation Building
2014 Amalou Avenue and Sotiri St, Athens, Greece



ATHENS, GREECE
 19 - 20 SEPTEMBER 2016

Table 1. Taxes Related to Immovable Property (Anders Müller, 2002).

Base of tax	Recurrent (annual)	Non-recurrent (at transfer)	Base of tax
Land and buildings	Property tax, land tax, rates	Transfer tax or stamp duty	Land and buildings
All assets	Net wealth tax	Inheritance and gift tax	All assets

Table 2. The Three Approaches to Valuation (Anders Müller, 2002).

Comparable sales approach	<ul style="list-style-type: none"> Sales prices for properties of comparable location and description are used. A model for the calculation of the value is estimated using statistical analysis of sales prices.
Income approach	The rent income and an estimated capitalisation factor are used.
Cost approach	Cost of construction minus depreciation plus the value of land is used.

Table 3. Basis and Coverage of Recurrent property Taxes. Examples of different Types (Anders Müller, 2002).

Basis of the tax		Coverage	
		Property	Land
Market value	Capital value	USA UK (domestic) Netherlands Denmark Indonesia Chile	Denmark Australia Estonia Belize
	Annual value	UK (commercial) India	
Other value concept	Book value	Russia	
	Acquisition value	California	
Area based		Israel Poland Czech Republic	Nepal

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Table 4. Issues Regarding Collection and Valuation (Anders Müller, 2002).

	Collection	Valuation
Industrialised countries	No problems.	<p>Only small problems:</p> <ul style="list-style-type: none"> •Well functioning computerised systems in many countries. •Some countries have not had a revaluation for many years. •Some countries need to computerise their valuation systems.
Transition countries	Relatively small problems.	<p>Major challenges in the coming years:</p> <ul style="list-style-type: none"> •To establish valuation systems to replace area based property taxes and taxes based on book value. •Simplified systems are probably needed.
Developing countries	Often big problems.	<p>Often big problems:</p> <ul style="list-style-type: none"> •Subjective methods used where the taxpayer can influence the assessment. •More objective mass valuation systems are needed. •Missing or misleading information about sales prices and rents. •Weak administrative units responsible for valuation and lack of qualified staff.

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Table 5. The Valuation Process (Anders Müller, 2002).

Basic description of properties (fiscal cadastre)	Identification (plot number) Location Land description (area, permitted use) Building description (area, age, materials, quality) Taxpayer (not essential)
Gather market information	Sales prices Rent information (Construction costs)
Valuation	Market analysis Valuation modelling Calculation of property values Valuation review
Taxpayer relations	Valuation notice sent to taxpayer Appeals

ATHENS, GREECE
19 - 20 SEPTEMBER 2016



FEDERAL TAX SERVICE OF RUSSIA mission:

**Ensuring transparency and ease of doing business,
respecting taxpayers' rights and interests through efficient
supervision and high quality of provided services.**

Head of the Federal Tax Service **Mikhail Mishustin**

In 2004 – 2006: Head of the Federal Real Estate Cadastre Agency

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

FEDERAL TAX SERVICE OF RUSSIA

1991	State Tax Service established as an independent agency.
1993 – 1996	State Register of Enterprises established. IT development program of the State Tax Service of the Russian Federation and its territorial bodies (as part of a federal program of informatization of Russia) is started. Tax authorities entrusted to control the use of cash registers. A simplified taxation system for small businesses is put in place.
1998 - 1999	State Tax Service of Russia transformed into the Ministry of Taxes and Duties of the Russian Federation. Start of the campaign for mass assignment of Taxpayer Identification Numbers (TINs) to individuals. Tax authorities made responsible for monitoring the production and trafficking of alcohol and alcohol products. Part I of the Tax Code of the Russian Federation , which establishes the basic principles of taxation, put in force.
2001 - 2003	Federal Purpose-Oriented Program "Development of tax authorities (2002-2004)". Tax authorities empowered to perform state registration of legal entities and individual entrepreneurs, as well as to maintain the Unified State Registry of Legal Entities and the Unified State Registry of Individual Entrepreneurs. Tax authorities given the function of collecting contributions to the state budget funds (the unified social tax). Widespread introduction of electronic data processing as a standard practice of territorial tax authorities. Electronic filing of tax returns organized. Territorial tax authorities connected into a telecommunications network. Centralization of processes of registration of legal entities ("single-window service").
2004 - 2005	Ministry of Taxes and Levies of the Russian Federation transformed into the Federal Tax Service in the course of an administrative reform aimed at optimizing the functions of executive bodies. New chapters of Part II of the Tax Code of the Russian Federation (Chapter 30, " Corporate Property "; Chapter 26.1, " Single agricultural tax ") introduced. Sales tax abolished. Federal Tax Service empowered (by the Decree of the President of the Russian Federation) to act as an authorized body in bankruptcy cases and bankruptcy proceedings, as well as to take decisions on tax payment postponement in the form of delays, installments, tax credits and investment tax credits. Chapters 31 (" Land tax ") of the Tax Code of the Russian Federation introduced.
2007 -	Tax-paying self-service " Electronic pay-desk " introduced in offices of the Savings Bank and commercial banks. A unit pre-trial settlement of tax disputes established within the system of tax authorities. Powers of tax authorities during tax control

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Land and Property Tax in Russia - Businesses

	Tax payers	Taxable object	Tax base	Reporting period	Taxable period / Reporting period	Tax rate	Tax calculation	Tax payment	Tax return / Filing of tax return
Land Tax	organizations, individuals and individual entrepreneurs – owners of land	Land plot	Cadastral value of the land plot as of January 1st of the tax period year In an event when a new land plot was registered during the taxable period the cadastral value is established for the land plot registration date	Reporting periods for businesses are the first, second and the third quarters. Reports may not be filed for a reporting period however taxpayers (businesses and individual entrepreneurs) are making advance payments unless municipal acts identified other vise	Calendar year	Rates are established by local legislative acts and can not exceed the rates specified by Russian Tax Code: 0,3% -for agricultural, residential and utilities infrastructure lands; 1,5% - for other types of land use Tax rates my be differentiated subject to allowed types of land use		The tax and advance payments are made on dates as established by local legislative acts of municipalities. Organizations and individual entrepreneurs : The date can not be set earlier then February 1st of the year following the expired tax period. Individuals: The date can not be set earlier then November 1st of the year following the expired tax period	Organizations and individual entrepreneurs: No later than February 1st, following the expired tax period
Corporate Property Tax	Businesses in possession of property objects which are identified as taxable objects	Immovable and movable assets recorded in the balance sheet as fixed assets	Annual average value of property	Calendar year	First quarter, halfyear, nine months of a calendar year	Is established by laws of the subjects (i.e. regions) of the Russian Federation and cannot exceed 2,2% of taxable value	Tax base is multiplied by tax rate which is estimated for the reporting period and tax period	As established by laws of the subjects of the Russian Federation	In the end of the tax period

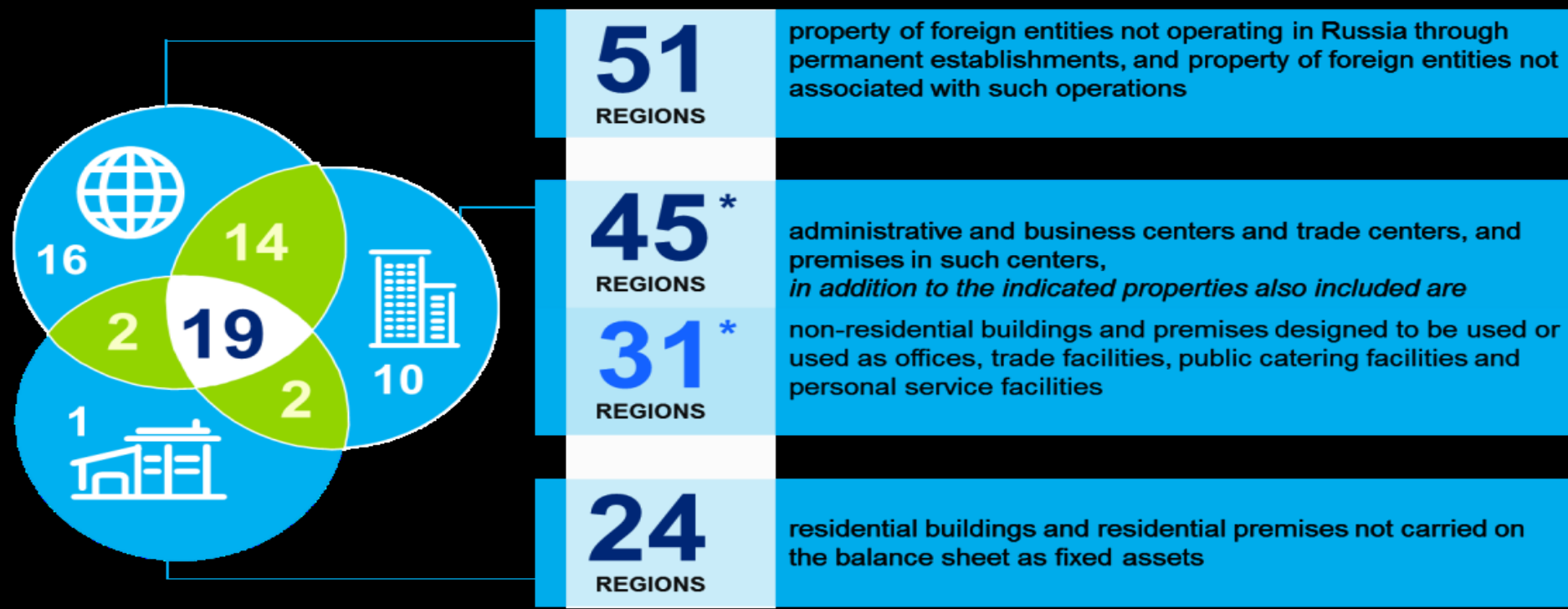
ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Land and Property Tax in Russia -Individuals
and Individual Entrepreneurs (Self-Employed) – land tax only

	Tax payers	Taxable object	Tax base	Reporting period	Taxable period / Reporting period	Tax rate	Tax calculation	Tax payment	Tax return / Filing of tax return
Land tax	organizations, individuals and individual entrepreneurs – owners of land	Land plot	Cadastral value of the land plot as of January 1st of the tax period year In an event when a new land plot was registered during the taxable period the cadastral value is established for the land plot registration date	Reporting periods for businesses are the first, second and the third quarters. Reports may not be filed for a reporting period however taxpayers (businesses and individual entrepreneurs) are making advance payments unless municipal acts identified otherwise	Calendar year	Rates are established by local legislative acts and can not exceed the rates specified by Russian Tax Code: 0,3% -for agricultural, residential and utilities infrastructure lands; 1,5% - for other types of land use Tax rates my be differentiated subject to allowed types of land use		The tax and advance payments are made on dates as established by local legislative acts of municipalities. Organizations and individual entrepreneurs : The date can not be set earlier then February 1st of the year following the expired tax period Individuals: The date can not be set earlier then November 1st of the year following the expired tax period	Organizations and individual entrepreneurs: No later than February 1st, following the expired tax period
Individual Property Tax	Individuals who are owners of the property recognized as taxable objects	Residences, apartments, rooms, country homes, or other structures, premises and buildings, as well as ownership shares to such property.				Tax rate is determined by the legislative acts of representative bodies of municipal government. Tax rate depends on integrated inventory cost of the object of taxation. Representative bodies of municipal government determine differentiation of tax rates within certain limits according to inventory cost and type of usage of a taxable object. Tax rates are determined within following ranges:	Individual Property Tax	Individuals who are owners of the property recognized as taxable objects	Residences, apartments, rooms, country homes, or other structures, premises and buildings, as well as ownership shares to such property.

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

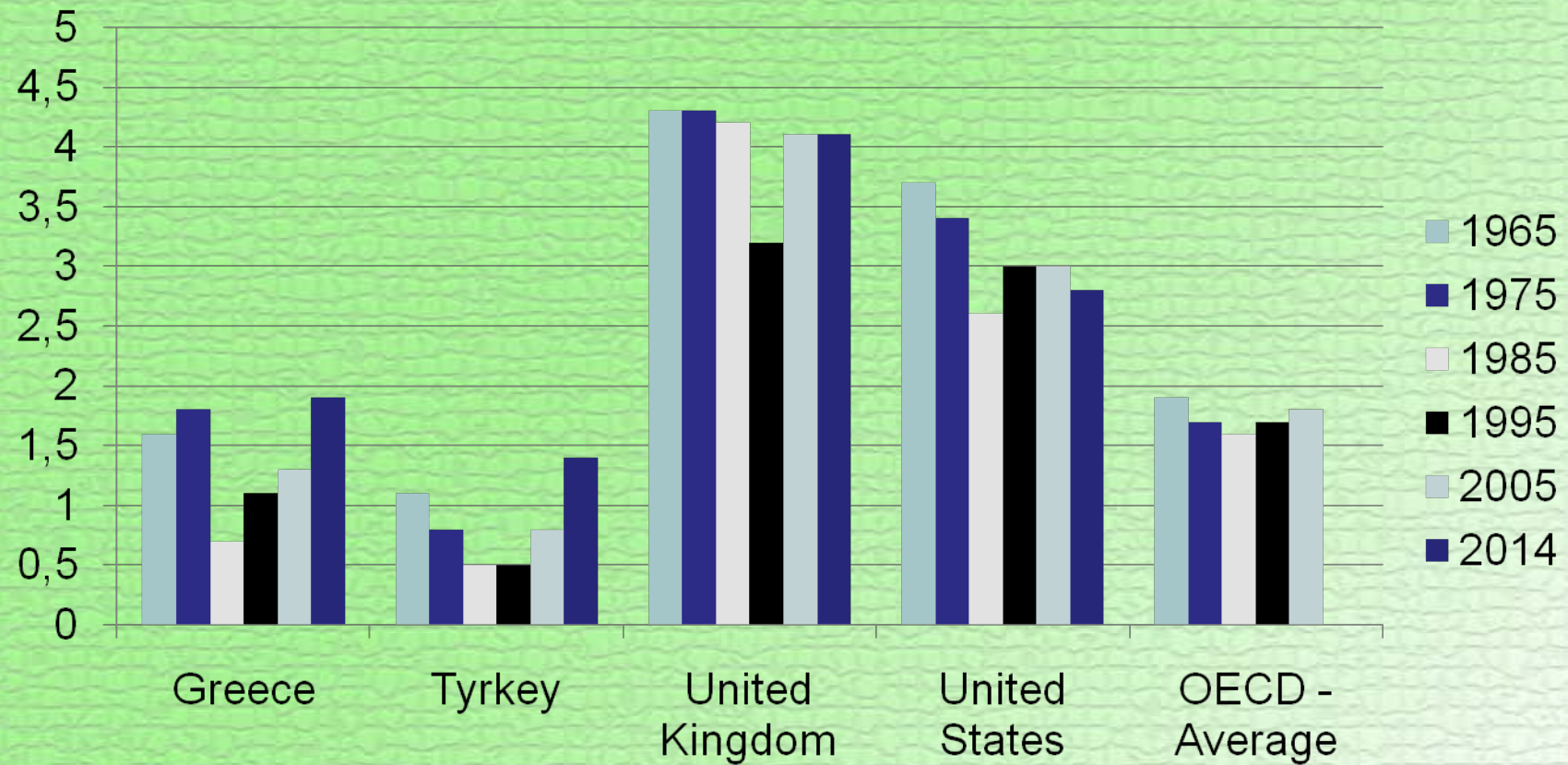
Cadastral Value Corporate Property Tax in 2016



Vasily Nilipovskiy,
State University of Land Use Planning, Moscow

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Taxes on Property (tax revenue as % of GDP)



ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Recurrent Taxes on Immovable Property (OECD.Stat)

Revenue Statistics - OECD countries: Comparative tables - Windows Internet Explorer

http://stats.oecd.org/viewhtml.aspx?datasetcode=REV&lang=en

Избранное Revenue Statistics - OECD countries...

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT **OECD.Stat**

Click here to Login | Contact us | User Guide | English | Français

Revenue Statistics - OECD countries: Comparative tables

Customise Export Draw chart My Queries

→ Level of government	Total
→ Tax revenue	4100 Recurrent taxes on immovable property
→ Indicator	Tax revenue as % of GDP
	1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987

Data extracted on 18 Sep 2016 19:08 UTC (GMT) from OECD.Stat

Готово Интернет | Защищенный режим: выкл. 125%

RU 22:14 18.09.2016

Vasily Nilipovskiy,
State University of Land Use Planning, Moscow

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Recurrent Taxes on Immovable Property (tax revenue as % of GDP)

According to statistical data of OECD (2014) 19 from listed 34 countries, have less than 1,0%, 8 countries - from 1,0% to 2,0% and other 7 countries have over 2,0%, including: Canada - 2,7%, France - 2,6%, United Kingdom - 3,1%, United States - 2,6%.

It means that in the majority of the countries the recurrent taxes on immovable property (tax revenue as of % of GDP) remain at a low level and there is a reasonable requirement for improvement the administration of the real estate taxation system.

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Households Recurrent Taxes on Immovable Property (OECD.Stat)

Revenue Statistics - OECD countries: Comparative tables - Windows Internet Explorer

http://stats.oecd.org/viewhtml.aspx?datasetcode=REV&lang=en

Избранное Revenue Statistics - OECD countries...

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT **OECD.Stat**

Click here to Login | Contact us | User Guide | English | Français

Revenue Statistics - OECD countries: Comparative tables

Customise Export Draw chart My Queries

→ Level of government	Total
→ Tax revenue	4110 Households recurrent taxes on immovable property
→ Indicator	Tax revenue as % of GDP
	1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987

Data extracted on 18 Sep 2016 20:18 UTC (GMT) from OECD.Stat

Готово Интернет | Защищенный режим: выкл. 125% 23:20 18.09.2016

Vasily Nilipovskiy,
State University of Land Use Planning, Moscow

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Households Recurrent Taxes on Immovable Property (tax revenue as % of GDP)

In the list of 34 countries of OECD about a half of them have no statistical data, 7 countries have about 0,0%, 7 countries have less than 1,0%, and only 3 countries have more than 1,0% (France - 2,0%, United Kingdom - 1,6%, Spain - 1,1%).

Conclusion: there is insufficient statistics concerning households recurrent taxes on immovable property and that doesn't allow to analyse the economic situation and to make reasonable managerial recommendations.

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Other than Households Recurrent Taxes on Immovable Property (OECD.Stat)

Revenue Statistics - OECD countries: Comparative tables - Windows Internet Explorer

http://stats.oecd.org/viewhtml.aspx?datasetcode=REV&lang=en

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT **OECD.Stat**

Click here to Login | Contact us | User Guide | English | Français

Revenue Statistics - OECD countries: Comparative tables

Customise Export Draw chart My Queries

→ Level of government	Total
→ Tax revenue	4120 Other than households recurrent taxes on immovable property
→ Indicator	Tax revenue as % of GDP
	1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987

Data extracted on 18 Sep 2016 21:28 UTC (GMT) from OECD.Stat

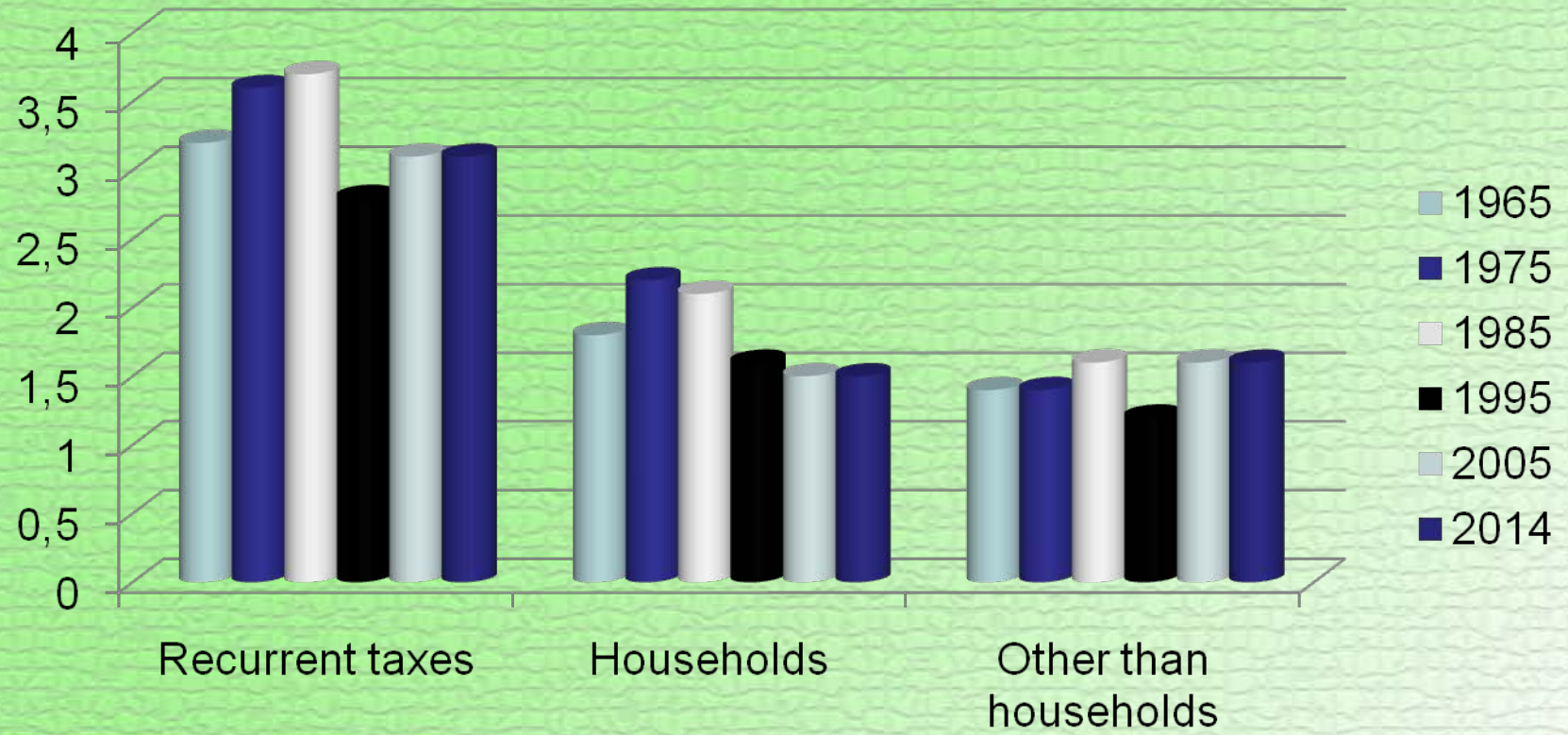
Готово Интернет | Защищенный режим: выкл. 125%

RU 0:31 19.09.2016

Vasily Nilipovskiy,
State University of Land Use Planning, Moscow

ATHENS, GREECE
19 - 20 SEPTEMBER 2016

Recurrent Taxes on Immovable Property, United Kingdom (tax revenue as % of GDP)



ATHENS, GREECE
19 - 20 SEPTEMBER 2016



THANKS!

СПАСИБО ЗА ВНИМАНИЕ!

Vasily Nilipovskiy,
State University of Land Use Planning, Moscow