

The General Valuation 2013 in Cyprus: Experiences and Good Practices

Varnavas Pashoulis and Dimopoulos Thomas (Cyprus)

Key words: Cadastre; Land management; Legislation; Property taxes; Standards; Valuation; CAMA; Mass Appraisal; Automated Valuation Model

SUMMARY

The General Valuation has a very significant role to play in our economic environment because it forms the basis by which all property taxes are levied in a country. It is considered as a very important land management tool, because it is the means of raising income both for the central and local governments. In addition, the revaluation every or at short intervals can support fiscal decisions at a higher level as well as bringing about more transparency and minimizing externalities in the property market. The need to improve the efficiency and effectiveness of General Valuation Systems has been acknowledged nowadays than ever before, due the global economic crisis and the need to increase public and local finance. The aim of this paper is to outline the experience and good practices that have already been adopted for the implementation of a new general valuation 2013 for Cyprus. The paper will cover four major components of a general valuation process which are as follows: (i) Methodologies adopted for the collection, maintenance, mass update and quality control of property data (land, buildings and their characteristics). (ii) Legislative amendments and compliances to support the 2013 general valuation (iii) Valuation methodologies in determining the assessment value of each property. This included an analysis of the property market in terms of geographic stratification, planning zones and densities, property type and micro location. Further, comparable sales, rents, construction costs have also been analyzed. On the basis of the market analysis, the base value per sq.m for land per geographical area, planning zone, property type and location has be determined as well as adjustment coefficients for individual property characteristics. A base value per sq.m has also been determined per property type as well as adjustment coefficients for building characteristics. The base value per sq.m for every type of building and the individual building coefficient adjustments were applied at a district level. A development factor (D.F) has also been applied in some instances. Time adjustment tool has also been applied to bring values on 01.01.2013. All the property parameters determined were imported into a CAMA where the "Base Value Models" have been applied to execute a new general valuation on 01.01.2013 prices for the island. (iv) Methodologies adopted for quality control and assurance of assessed property values before the publication of values. Finally, this paper concludes with major issues faced during the implementation of this project in terms of experiences (SWOT analysis) and good practices that can be shared among governments, semi government and private organizations that have the responsibility to implement at regular intervals general valuations for their countries or local governments.