A New, Old Role of Cadastre - Taxation

Borko Draskovic, Marija Raskovic, Petar Jovanov
Republic Geodetic Authority of Serbia

Author’s Email Address

Introduction
Since the early 20th century (1929) Land Cadastre was a technical of land used as a basis for taxation of agricultural land. Taxation was based on fertility of land and crops raised. Tax was collected by the state Tax Authority.

In 2009 Property Tax collection was transferred from state Tax Authority to Local Tax Administrations. Also the method of taxation was changed a market based value. By changing the method of determining tax base, the role of providing data for taxation of Cadastre slowly dwindled.

In 2012 Land Cadastre was merged with legal registers (Land Book, Deeds Book,...) to create a unified register with both technical and legal data on property named Real Estate Cadastre.

Current method of calculating tax base, based on at least three most recent (at most a year old) sales in the area, proved unreliable at best with a lot of complaints about overpricing taxed properties.

Therefore, it was decided that one of the main components of the World Bank loan financed project, Real Estate Management Project (REMP) in Serbia, would be development of mass property valuation system. Since most of the data used in the process of mass valuation is already being collected by Republic Geodetic Authority of Serbia (e.g. technical data on property, ownership, data on utility lines etc.), Republic Geodetic Authority was tasked with development of this system.

Materials and methods
Republic Geodetic Authority (RGA) is the government agency in charge of property registers which include:

- Real Estate Cadastre (technical/spatial and legal register of real estate and property rights);
- Address Register;
- Utilities Cadastre (technical and legal register on utility lines such as electricity lines, sewerage, water supply, etc. and property rights on them); and
- Sales Price Register (register of property conveyance in order to monitor real estate market).

Using methods of mass data collection such as organized terrestrial survey and aerial photogrammetry survey, as well as registration of new properties and property rights through requests from owners, RGA collects most of the data necessary for mass property valuation.

RGAs works on the proof of concept in order prove that mass data collection from satellite images can adequately replace terrestrial survey for purposes of registration and taxation.

Using statistical methods, RGA works on development of Property Price Index (PPI) which will be calculated for years 2012 and later.

Using statistical methods and PPI, RGA will use market data from 2012 and later in order to develop models for mass property valuation.

Results

Real Estate Cadastre data is registered in digital form. At present it is registered at the level of municipal office, with each office and is amalgamated on central level in order to be published and made available for public view. Pictures above present public view of alphanumeric legal and technical data (left) and digital cadastral map (right). These are the basic data used for property valuation (technical) and taxation (legal). Through the REMP project, RGA will develop a new

Sales Price Register data on property conveyance is collected for the period beginning on January 1st 2012. Sales Price Register is an excellent tool for monitoring real estate market in the country and also presents a valuable source of data for Real Estate Valuers performing single property valuations. Picture above presents the public view of Sales Price Register. Due to protection of privacy, public view only shows general location, type and price of property.

Conclusions

This, somewhat late, development of mass property valuation as base for taxation is due to the virtual non-existence of real estate market in Serbia prior to 1990s. Until 1992, most of the housing apartments and agricultural land were in public (social) ownership, while residential houses were passed as inheritance and very rarely subject to sale. In 1992 the laws were passed that allowed the tenants to buy residential apartments from the state and restitution of ownership of the nationalized agricultural land. Unfortunately, due to unfavorable economic climate, political and war developments in the region, instead of live real estate transactions, stagnation in the market was recorded that lasted over 10 years. Only at the beginning of the 21st century real estate market became stable enough to allow for the development of market oriented calculation of property tax base.

Republic Geodetic Authority (RGA) will use the model for mass property valuation developed through REMP Project and data already collected within its registers to calculate property values based on market prices in a cheaper, simpler, more equitable and transparent way. These values, along with ownership data, will be used by municipal Local Tax Administrations for calculating and collecting property tax.

Through REMP Project, RGA will develop business process to shorten the time required for property/property right registration to 5 days or less. The same project provides the funds and expertise to develop new IT system to support the developed business process and simplify communication between RGA and its clients. This should keep the property registers up to date and able to provide quality data for property taxation.

Acknowledgements

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