THE REQUIREMENTS OF MASS APPRAISAL FOR REAL ESTATE TAXATION AND PROPER TAX ADMINISTRATION: LAND IMPLICATIONS IN THE CASE OF TURKEY

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Introduction
In Turkey, only a limited number of studies has been conducted with the aim of assessing real estate values for taxation. The results of previous studies and pilot survey projects have shown that the declared property tax values are far below the actual market prices (Tanrivermis et al., 2013; Giner & Yıldız, 2016). It has also been determined that the average market value of real property is approximately 3.0 times higher than the average declared taxbase value. According to the results of the studies carried out in the Sincan District and other districts, the tax base is determined by a single rate on the basis of the block and street, and valuation based on land (or parcel basis) is largely neglected.

The value of the pilot units according to blocks and streets are based on the minimum land value which is calculated by multiplying the number of land plots which are affecting the value of land such as zoning functions and changes in zoning rights, topographical situations, location (corner or intermediate) and other characteristics are not taken into consideration by the district valuation commissions. It is observed that there are 3 to 15 times differences in the tax values of comparable real estate on the two sides of streets and lanes forming the border between the two districts, the appreciation commissions constituted in the districts do not take into account the activities of the neighboring districts and this leads to the emergence of unfair tax values. Thus, it is not possible to appreciate national real estate values for fair taxation. Secondly, similar results were obtained by the General Directorate of Land Registry and Cadaster in pilot applications for predicting tax base values of real estate through mass appraisal under the Land Registry and Cadastre Modernization Project. According to the results of the projects carried out in Istanbul and Ankara Provinces, it is noteworthy that there are differences varying between 2.5 and 3.0 times more than the real estate values calculated with mass valuation from the current tax base. It also observed that there is a difference of 8 times and more for the commercial property.

Materials and methods
In this study, first of all, the plots were surveyed and then land values were determined. At the second stage, the values of properties have been finalized based on the decisions of the local commission the District of Sincan in Ankara Province. In addition, the study discusses the results and the impacts of the pilot survey project which has been conducted by the Department of Real Estate Development and Management of Ankara University, in Sincan District for 2014-2017. In this project the purchase and sales data for each neighborhood in the district has been gathered through various sources; Land Registry Directorate, General Directorate of National Property and records of the ministry doing that, in addition, the mass valuation results on 80,000 transactions have been analyzed and assessed and average land values were identified; on the other hand, the factors effecting the land values and average impact values on parcel scale drawn from the stakeholders views were also determined. Following these steps, the equivalence values were identified at the neighborhood scale by excluding the sales data that were deliberately declared to be very low compared to market values, especially for the plots that are low in number but of which trading values are already known. In addition, for the validity of the plot values at the neighborhood scale, the results of the appraisal disclosed by the governmental agencies, valuation reports prepared for the financial institutions and expropriation values were investigated in a comparative manner. Finally, the results of the pilot survey study has been examined through real estate market conditions by considering tax set by revenue authorities, lawsuits and the impact of the decisions brought by the commission.

Results
In the pilot survey study, the tax values and privileged development rights on the avenue and streets of the district were identified. In the 58 neighborhoods of the Sincan District, the total number of real estate taxpayers were 184,599, of which 14.62% is land lot, 79.58% is residential, 5.56% is workplace, and 9.24% is land tax. According to the municipal activity reports, the real estate tax collection rate was 80% in 2014. During the pilot survey the value of the property of all the neighborhoods were estimated based on real estate market research. The parcels are divided into three basic classes irrigated land, barren land, arable land values located within the center of the market, and which are located outside of the districts (Tanrivermis et al., 2013).

Following the results of the research and evaluation, it was determined that for 2013 real estate market values compared to value determined by Commission show the discrepancy of 35% and 60% above and below the value market (see Table 1). It is observed that the 2013 values (estimated by Comission) were lower than the market values as the previous years’ property valuation was made. Restriction of the high increase in tax base will just have a beneficial result in the medium term. In the determination and declaration of property values, the distance-value relationship and the basic trends in real estate markets were taken into consideration by passing through more than one neighborhood in the town and street boundaries. The pilot plot values were determined of 9.00 times on neighborhood, location of avenue and streets, the accessibility between town roads and also the possible market data differences of plot unit values depending on proximity to main transport axes have been assessed. But it’s not expected that significant variations which has been seen in the real estate within the same settlement conditions and development rights in the organized industrial zones.

The real estate sector is quite stagnant in some districts, due to the minimum revenue turnover from real estate tax which has been collected in the previous. In contrast, the real estate tax values were considerably increasing in some places. From each location, the average values were taken, and the value of property tax in 2010 was compared with that of 2013, and it was found that there were a difference of 70.00 times between the real market value and property tax value which was assessed by the commission. In this case, if the pilot survey project could not have been conducted, the revenue collected from property tax were about 22.81%, but after the pilot survey project the revenue collection rate were increased and realized to be 59.40%. Ideally this ratio is supposed to range around 70%-80%. As a result, the tax revenue should be increased in new urban development areas. This is necessary in the cause of bringing tax fairness.

Table 1: Comparison of Minimum Unit Values (in 2013) and Yearly Updated Tax Values (in 2010) in the Sincan District

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Ankara</td>
<td>112.40</td>
<td>42.89</td>
<td>98.00</td>
<td>211.03</td>
</tr>
<tr>
<td>Ataşehir</td>
<td>171.15</td>
<td>66.84</td>
<td>143.88</td>
<td>215.26</td>
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<tr>
<td>Çamlıca</td>
<td>125.21</td>
<td>43.79</td>
<td>91.99</td>
<td>200.16</td>
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<tr>
<td>Taşkışla</td>
<td>118.84</td>
<td>37.80</td>
<td>80.64</td>
<td>233.88</td>
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<tr>
<td>Akşehir</td>
<td>188.85</td>
<td>77.81</td>
<td>131.30</td>
<td>168.74</td>
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<tr>
<td>Akşehir-Elık</td>
<td>116.92</td>
<td>40.94</td>
<td>92.02</td>
<td>224.77</td>
</tr>
<tr>
<td>Average (of 58)</td>
<td>91.01</td>
<td>20.76</td>
<td>54.06</td>
<td>260.37</td>
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</table>

Conclusions
It has been determined that in each province and district, the land values are much lower than the real market values and the data obtained from mass appraisal, especially local governments suffer a significant loss of revenue to be accrued from real estate sector. In addition, the monitoring of rapidly growing areas, urban settlements and poor growing areas is not possible due to the lack of valuation maps, and places to be included within the scope of urban transformation and conservation efforts are entirely selected based on general observations. It is necessary to review the organization of property appraisals for taxation purposes in order to rise the revenue which will be harvested from properties in Turkey, to develop professional institutions, to ensure institutionalization, to develop geographical information systems as well as based valuation maps, which will help to collect the relevant property information of properties, in all provinces and districts should acquire and increase the number of in-home valuation expertise or increased the number of registered valuation expertise recognize real estate development department, and reconsidering the tax rate and the validity of 4 m time period. This study examines the legislation and current practices related to real estate-based rights and benefits of valuation and taxation of properties or real estate taxation system in Turkey.

The need for cadastral valuation and mass appraisal practices were outlined through problem analysis and the structure of valuation system for tax purposes was discussed. It is crucial to emphasize that the analysis and results of the field work and research in Turkey can serve and help to increase the revenue for local government and public in general (See chart below).

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Literature Cited