

Capacity Building and Improving Environment for Municipal Practice in Land Management and Taxation

NALAS Task Force on Urban Planning





CAPACITY BUILDING AND IMPROVING ENVIRONMENT FOR MUNICIPAL PRACTICE IN LAND MANAGEMENT AND TAXATION

NALAS Task Force on Urban Planning

Report

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1. INTRODUCTION

NALAS Task force on Urban Planning organised the workshop “Capacity building and improving environment for municipal practice in land management and taxation” in Belgrade, 5th – 6th October 2015. It contributed to support arguments on municipal urban planning and land management focusing on the relation between land development and taxation of land and real estate. The following report documents the results of the Task Force on Urban Planning endeavour, and also of wider discussions held on the topic in South Eastern Europe, in particular the NALAS Summer School on Local Governance and Intergovernmental Fiscal Relations and with the involvement of Task Force on Fiscal Decentralisation.

In advance of the workshop, a survey was conducted to collect relevant information about the practice of property taxes and its connection to land use planning in order to enable a structured exchange of information. Two types of questions were raised:

- ▶ Questions concerning property tax and urban development are developed to get more insight information about the status quo in NALAS operational region – South Eastern Europe.

- ▶ Personal views on land taxation and urban development shall inspire the workshop. (it is best if the personal opinions reflect the view of the local government association to the best knowledge of the experts though personal expert opinion will be appreciated)

The answers were used as input for the workshop to steer the discussions. The answers are documented in a separate document.

The workshop is funded by the Austrian Development Agency (ADA) through the BACID grant scheme (Building Administrative Capacities in Danube Region & Western Balkans), managed by the Austrian Association of Cities and Towns (AACT) and KDZ Center for Public Administration Research.

This document has been produced with the assistance of the Austrian Development Agency (ADA). The contents of this document are the sole responsibility of the author/s and can in no way be taken to reflect the views of ADA nor the Austrian Government.

2. INTRODUCTION: THE RELATIONSHIP BETWEEN PROPERTY TAXATION AND URBAN DEVELOPMENT

When discussing the relationship between land management and taxation, two dimensions have to be taken into account: the different stages of land development and the different possibilities to tax land property.

2.1 Stages of land development

The price of a plot of land is closely related to its stage of urban development according to the land use plan (zoning) (see Figure 1)

The following steps of development can be identified:

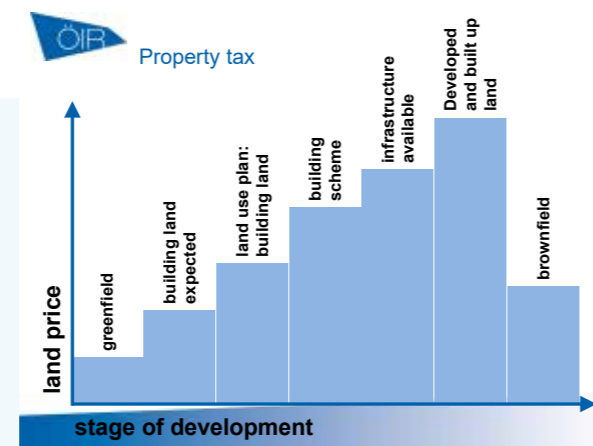
- ▶ Greenfield: The plot of land is used as greenfield (e.g. for agriculture) and there are no plans to zone building land.
- ▶ Building land expected: the plot of land is still used as greenfield but there are some signs and/or even just “rumours” that an “upgrading” to building land could be possible. Reasons for such “rumours” about the upgrading of land could be that a new road is being built, a developer bought land nearby or a politician discussed about a change of the land use plan in this area. Even if there are no concrete actions taken, the property-market reacts to these “rumours” with higher prices.
- ▶ Building land: The municipality zones a plot of land as building land. However, at this stage of development no infrastructure is available. The plot cannot be used due to the absence of the required infrastructure, as e.g. roads, water supply and wastewater sewage, electricity, etc.
- ▶ Building scheme: in some countries the enactment of a building scheme or other building regulations are a precondition to construct buildings on the

land. In this case this administrative/legislative measure increases the usability of the plot of land and consequently raises the price.

- ▶ Infrastructure available: when plot of land has access to the required infrastructure (road, water, wastewater, electricity, broadband etc.) the plot of land is fully developed and ready to be built up.
- ▶ Developed and built up land: buildings are constructed and the plot of land is used according to the land use plan.
- ▶ Brownfield: the existing buildings are out of use. New developments need to start to use the land again in line with the land use plan.

These different steps are influenced by activities of the land owner and user on one hand and by the urban development policies on the other hand.

Figure 1: The relation between the price of a plot of land and its development



Source: OIR

2.2 Types of taxation on land use

The core hypothesis during the discussions is that taxation on land property can be used as a land management tool: coordinating the taxation of land property with land management can contribute to develop the cities and regions more efficient and more sustainable.

In order to discuss this relation, the different forms of land taxation need to be taken into account and to be discussed under the light of the different steps of urban development. The chapter at hand provides an overview of the different forms of taxation in the context of land development. However, the regulations differ in details from country to country.

Property tax

- ▶ Property tax is paid annually as a share of the value of the property owned.
- ▶ Usually the revenues go to municipalities.
- ▶ The tax depends on a variety of criteria. The criteria are differing in different countries. Relevant criteria can be:
 - use of land,
 - zoning,
 - existing infrastructure, ...
- ▶ The data required to charge the property tax depend on the concrete criteria taken into account in a concrete country. They can come from different sources:
 - Cadastre data: size, owner, actual use
 - municipal data: zoning, urban development
 - internal data of the financial administration: value of the land

Land transfer tax

- ▶ The land transfer tax has to be paid once when property is sold. It is calculated as a share of the price in %.
- ▶ Usually the revenues go to central government.
- ▶ The correct price is needed as data for the calculation of the tax. Usually the price could be gained from the cadastral register.

Land value tax

- ▶ The land value tax is a concept that calls for taxation to be paid once when a municipality “upgrades” a plot of land due to zoning/building scheme. The tax has to be paid once after up-zoning the plot of land (conversion from greenfield land to building land).
- ▶ The revenues go to the municipality.
- ▶ The height of the tax depends on added value caused by the up-zoning.
- ▶ For calculating the tax the correct calculation of added value is required.

Tax on floorspace (building tax)

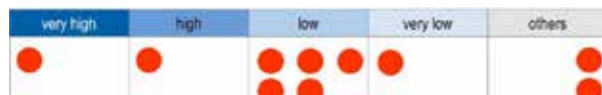
- ▶ The tax on floorspace (building tax) is taxing buildings, and not land. Its height depends on the floorspace of a building [m²]. It has to be paid annually.
- ▶ The revenues go to the municipality.
- ▶ For calculating the tax the floorspace of the completed building in [m²] is needed. Thus, the final acceptance (of construction work), usually provided by the department of building regulation, is required.

2.3 Experts' discussions

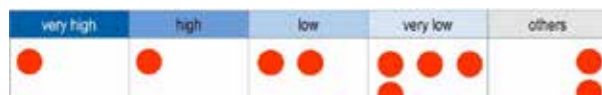
NALAS experts were asked in advance about their personal judgement of property taxation by a survey about the aim of property taxes (very high – high – low – very low importance). The following figure shows their opinions:

Figure 2: Opinion of NALAS experts: What is the aim of property tax?

... financing communal budgets



... influencing land development as a "motivation" to use developed land and vacant houses



... influencing land development to reduce land consumption and urban sprawl



Source: Survey Capacity Building and Improving Environment for Municipal Practice in Land Management and Taxation, 2015

Main challenges related to property tax

In a first discussion, the main challenges of property taxes were discussed and the following aspects were identified:

- ▶ Getting the data
 - One set of data is needed for a correct calculation of the taxes. The correct calculation is a precondition for the acceptance of the tax and consequently for the willingness to pay. Additionally it has to be explained, for which

purposes the tax is used.

- Data collection can be expensive, thus a decision on how to calculate the taxes is needed
- ▶ Getting the (municipal) tax
 - There is a lack of awareness that the tax is an important part for financing municipal services. Thus, people try to avoid paying property tax. (This is especially a problem when the tax payers have to declare it within their annual tax declaration.)
 - Legitimacy is needed as a precondition for getting the tax: people need to see efficient use of tax. Otherwise strategies to avoid tax paying will be looked at.
 - Political logic: politicians do not "dare" to enforce the collection of property taxes as they are afraid to lose elections.
 - The state fails to collect taxes from the "strong", a fair tax administration is required.
 - Presence of corruption and inefficient administration
- ▶ Criteria & feasibility
 - Property tax should be socially neutral
 - Awareness raising is needed: people need to know, why they are paying property taxes.

3. URBAN DEVELOPMENT CHALLENGES

As the core question of the discussion is "How can taxation on land guide development policies challenges?", the participants were asked to draw a systemic picture depicting the relationship between urban development challenges and taxation on land.

The systemic picture enables to picture cause/effect relations as well as positive and negative feed-back loops between urban development challenges and taxation on land.

Figure 3: Systemic picture describing the relationship between urban development challenges and taxation on land



Source: NALAS Workshop on 5th October 2015, Belgrade

Based on the systemic picture, nine urban development challenges were identified and the according goal of urban development policy was defined:

Table 1: Urban development challenges and related urban development policy goals

urban development challenges	urban development policy goals
Financing infrastructure is needed as precondition for urban development.
Empty/unused property shall be used.
Illegal construction shall be reduced either by legalisation or demolition.
Urban sprawl shall be reduced.
Energy efficiency in buildings shall be increased.
Local economic development shall be stimulated.
The existing housing stock should be maintained in good condition.
The financing of urban infrastructure shall be fairly distributed between users from cities and users from surrounding municipalities.
Gentrification should be avoided.

Source: NALAS Workshop on 5th October 2015, Belgrade

The NALAS experts were asked about their opinion, which type of tax (property tax, land value tax on zoning, land transfer tax, other taxes) could be potentially used to deal with the identified urban development challenges to support the urban development policy goals.

Table 2: Identified potentials of different forms of taxation to support urban development policy goals

urban development challenges	Property tax	Land value tax (zoning)	Land transfer tax	other
Financing infrastructure ...	1	5	1	Final investments out of taxes/fees (2)
Empty/unused property ...	9	1		No tax
Illegal construction ...	3	1	2	5
Urban sprawl ...	2	6	1	1
Energy efficiency in buildings ...	7			Less tax (1)
Economic development ...	4	1	2	3
The existing housing stock ...	9	1		1
The use of urban infrastructure by citizens from rural areas ...		6		No tax (1)
Gentrification ...	1	7		

(The numbers in the cells reflect the number of experts who think that a special tax could contribute to a certain challenge)

Source: NALAS Workshop on 5th October 2015, Belgrade

4. WORKSHOP RESULTS: THE POTENTIAL OF TAXES ON LAND TO SUPPORT URBAN DEVELOPMENT POLICY GOALS

The experts discussed which types of taxation – and other financial and legal instruments – could contribute to manage urban development challenges.

4.1 Financing infrastructure

The costs for developing infrastructure as e.g. roads, waste water sewage, drinking water supply should be directly linked to investments for infrastructure and be covered by the user of the infrastructure. Indirect costs as e.g. for social infrastructure, environmental conditions have to be also taken into account but the establishment of a direct linkage of the advantages of investments in social infrastructure to the advantages for a developer is more difficult.

Communal fee

The communal fee is charged to finance the infrastructure provided by the municipality. The costs of this infrastructure should be covered to 100% by communal fees. Thus, the fee needs to be linked to the actual costs.

Contract with investor and transfer of property rights

The municipality offers property rights to develop a certain plot to an investor by zoning it up. Thus, the municipality has the opportunity to offer the land owner additional development options, as e.g. more floorspace when he provides land for roads green spaces or other land use in public interest. (For instance when the waste water is recycled on the land, more floorspace can be given.) At the same time municipality obliges him to finance, construct and maintain the required

infrastructure (roads, schools ...). This agreement is laid down in a contract. Consequently, the investor is directly responsible for its financing. No costs occur for the municipality. In Kosovo¹ there is the possibility to transfer/sell development rights as e.g. potential floor space according to the urban development plan to other areas. This transfer can be negotiated with the land owners.

Commutation of land to get space for roads

When developing new urban zones it is essential to get the required land for the construction of roads, green spaces etc.. Commutation of land allows that all land owners bring in their land. A new parcelling of the development area allows getting the required spaces for the infrastructure and enables development of an urban layout of the land in order to develop it in line with a masterplan. In Kosovo this concept is usually linked co-ownership of land and urban contracts. This approach helps to finance infrastructure and allows to get fully developed land into use.

Public-private partnerships

Infrastructure companies finance part of infrastructure (e.g. 30%), the rest is financed by municipalities.

Example from Austria: Urban development contracts

An urban development contract is a contract based on private law. It can be agreed between the municipality and the developer before the municipality zones in building land / changes land use plan. Usually the

¹ "This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence."

developer agrees to cover all infrastructure costs, the costs for changing of the land use plan and possibly additional costs for social infrastructure (schools, kindergartens). The amount of the costs covered by the developer depends on the added value due to the up-zoning of building land. However, there are no clear rules, how the added value is calculated. Thus, it depends on the negotiations between the municipality and the developer.

The investor assures to use the land according to the land use plan within a certain time. Additionally, a certain mix of uses (residential, commercial, social housing) or other urbanistic obligations could be agreed.

Due to the existing legislation in Austria, all landowners must be treated similarly and a strict conjunction to land use planning is against the Austrian constitution which forbids to use the sovereign power of the state to force land owner to sign a contract.

4.2 Getting vacant land/buildings in use

Property taxes

The following issues were discussed:

- ▶ Higher tax for vacant land/buildings (This is already done in Montenegro, when a legal entity is owner of the land. Consequently, the relevant data are needed.)
- ▶ A lower tax for building land with rented apartments could stimulate the land owner to rent free apartments instead of keeping them vacant.
- ▶ Take land use plan as criteria for calculation of the tax.

Communal fee

Usually, the communal fee has to be paid when the developer applies for the building permit or when

the building is finished. Charging all land owners who benefit from infrastructure directly after finishing the construction with the communal fee, independently whether they want to develop their plot of land, can lead to stimulate the use of vacant land with a fully developed infrastructure.

Municipal charge for using of building ground (Slovenia)

When the buildings are constructed the owner has to pay a municipal charge for using the building ground. The municipalities are authorised to charge different land uses differently, as e.g. to calculate a higher charge for using commercial land. Buildings with a floorspace of less than 160m² are released from the municipal charge. Thus, the municipal charge can be used for supporting urban development policies.

However, the municipal charge will be changed due to the plan to modify the property tax in Slovenia.

Example from Austria: Infrastructure development and maintenance fee

The problem:

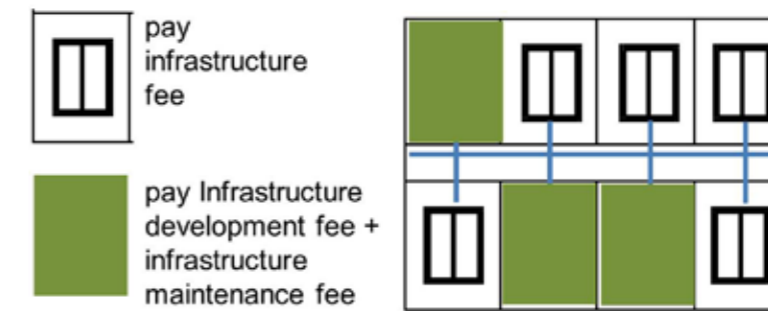
- ▶ Development costs come up when the area is developed but the infrastructure fee is paid when owner applies for building permission.
- ▶ The infrastructure fee is calculated on the base of size of plot etc. but: not on the base of the actual costs.
- ▶ There is no possibility to force the owners to use the land in line with the land use plan. Only owners applying for building permission could be charged with the communal fee. Thus, there is unused infrastructure capacity that has to be constructed and maintained. (An Austrian study showed that about 1/3 of the fully developed land is vacant.)

- ▶ As this vacant land is not available for further urban developments the municipalities are forced to zone additional building land in other areas to cover the demand of building land.

The Infrastructure fee as applied in Upper Austria aims to reduce fully equipped vacant building land. It has to be paid when infrastructure (street, waste water sewage, drinking water supply) is completed by the land owners

with a maximum of 50 m distance to infrastructure, independently whether a building is constructed on it or not. The amount is 20% of the calculated investment costs of the Infrastructure development in the next 5 years. After the five years, the land owner has to pay an infrastructure maintenance fee. When the planning permission is applied, the communal fee is reduced by the amount of money already paid.

Figure 4: Infrastructure fee and infrastructure maintenance fee



Source: Dallhammer

4.3 Reducing urban sprawl

Land transaction fee

When land is sold by the owner within less than 10 years after he bought it, a percentage of the difference in value is to be paid as land transaction fee. By taking a share of the added value of the rise of land prices, as e.g. caused by zoning or urban development, the land transaction fee aims at reducing speculation with land. This could be especially important in developing regions within the fast developing agglomeration areas.

4.4 Increasing energy efficiency in buildings

Property taxes

It was discussed to allow exemptions of the property tax for promoting energy efficiency of building and renewable energy use. For instance in Montenegro investors pay less communal fees to support energy efficient buildings.

There was a discussion whether this issue should be dealt at the local level. It was agreed that generally the

municipalities should be free to allow tax exemptions. There was a clear commitment that the central government should not decide about tax exemptions for municipal taxes, especially for policies within the responsibility of the central government.

4.5 Stimulating local economic development

Property taxes

The following issues were discussed:

- ▶ Reduce property tax for business developments to attract investors.
- ▶ Increase property tax to “slow down” touristic (development) as for e.g. apartment buildings or vacant houses (“second homes”). However, as often the common flats are used as second homes it is often quite difficult to define the touristic use of flat.

4.6 Maintaining the existing housing stock

Property taxes

Municipalities face the problem of deterioration of the housing stock due to lack of financing and missing mechanisms to oblige land owners to renovate their houses. One option would be to reduce property tax to stimulate regeneration.

Tax credit

In Bulgaria, the municipality can oblige the land owner to renovate his property. The owner must prove that he met

the prescriptions of local government when regeneration work is done. When he refuses the renovation, he would be charged by higher taxes (= tax credit).

4.7 Distributing the financing of urban infrastructure fairly between users from cities and from surrounding municipalities

The participants of the workshop concluded that it is not feasible to deal with gentrification using the taxes on property.

4.8 Avoiding gentrification

The participants of the workshop concluded that it is not feasible to deal gentrification with taxes on property.

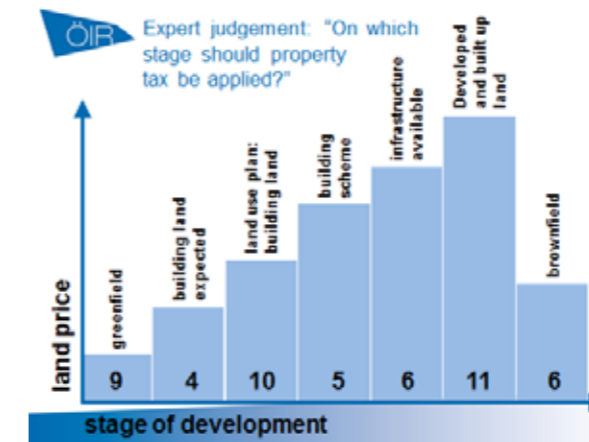
4.9 Reducing illegal construction

There are two types of illegal construction: completely new developments and developments as an annex to existing buildings. Some countries charge illegal buildings in the same way as legal buildings. (This is especially in those countries where the data of the financial departments are not linked with the data of the departments of building regulation.) However, the participants of the workshop concluded that it is not feasible to deal with illegal construction by using taxes on property.

5. DATA REQUIREMENTS (FOR PROPERTY TAX)

The data requirements for charging the property tax by the municipality are depending on the stage of urban development to be taken into account. In the workshop the experts were asked to give their opinion on the question “At which stage should property tax be applied?”

Figure 5: Expert opinion: “At which stage of development of land should property tax be applied?”



Source: NALAS Workshop on 5th October 2015, Belgrade

During the discussion the experts agreed that property tax should be applied on immobile property for land as well as buildings, taking into account all stages of urban development. This calls for a set of various data to assess the value of the property (land + building).

Depending on the way the property tax is calculated, the following data are required:

- ▶ From the cadastre:
 - size,
 - owner,
 - quality of land for agricultural use.
- ▶ From other sources:
 - data of the new parcelling (which are sometimes not available in good quality in the cadastre).²
 - Fiscal zones, where the property is located or building areas according to land use plan
 - The use of the buildings

² There was an agreement that the shaping of the land parcels should be directly depending on urban development goals and plans.

6. CONCLUSIONS

6.1 Financial tools to support urban development

The experts selected the main issues that are essential for using taxation on land to support urban development strategies.

Property tax

- ▶ Property tax should be seen and used as part of a territorial development strategy
- ▶ The property tax should be combined with urban development fees/tax value.
- ▶ When a plot of land is zoned from greenfield into building land the related property tax should reflect the value of the building land, independently whether buildings are already constructed on it.
- ▶ A clever mechanism is needed to link the zoning of the land use plan to the calculation of the property tax
- ▶ Property tax needs to be predictable and transparent

Higher/lower taxes for stimulating development

- ▶ Higher fees for illegal buildings can contribute to reduce informal construction
- ▶ Tax credits can stimulate land owners to act in line with urban development goals (e.g. to renovate houses)
- ▶ Reduction of fees as e.g. building permit fees, property taxes, VAT could contribute to economic development

Financing infrastructure

- ▶ It is essential that the municipalities get money for financing the infrastructure and public spaces (communal fee, infrastructure value fee).

- ▶ In order to charge fair communal fees an appropriate calculation of infrastructure cost is essential.
- ▶ Public-private cooperation can contribute to use the advantages of private developers and investors to reach urban development goals:
 - Public-private partnership projects to finance infrastructure investments
 - Project bonds for stock exchange
 - Urban development contracts
- ▶ A Fund for Reconstruction, Regeneration, and Renewal could contribute to finance infrastructure.

Technical aspects

- ▶ accurate updated data are needed including regular evaluation of real estate property prices
- ▶ As a quite large share of the municipal budget is based on property tax, efficient control mechanisms are required in order to get the tax from all land owners..

6.2 Final conclusions

During the workshop, the following conclusions were elaborated:

General aspects of property tax

- ▶ Property tax should be independent from the income.
- ▶ Property tax is mainly not for financing infrastructure development.
- ▶ There is the need to show people the efficient use of the tax in order to increase awareness and acceptance and consequently the willingness to pay.
- ▶ National policy goals should not be transferred to

the municipal property tax; the property tax should not be overloaded by different policy goals.

- ▶ In order to calculate the property tax fairly, accurate data, right indicators and control mechanisms on tax payment are essential.

Property tax supporting urban development policies

- ▶ Pure property tax does not guide urban development.
- ▶ Property tax should be/is closer connected to urban development.
- ▶ Property tax needs clear criteria/transparency/predictability.
- ▶ Exemptions from property tax (higher/lower rates) could partly support urban development goals.

Communal fees

- ▶ Communal fees are needed to finance (urban development) infrastructure development/maintenance. Consequently, they are essential for municipalities and cannot be replaced by the property tax.

Other instruments

- ▶ Taxation could be used as an instrument to influence urban development. However, municipalities need a bundle of different instruments to achieve urban development goals.
- ▶ Such “non fiscal” instruments as e.g. PPP, urban development contracts, commassation, common ownership models could support urban development to fulfil the public tasks within urban development.

NALAS WORKSHOP

CAPACITY BUILDING AND IMPROVING ENVIRONMENT FOR MUNICIPAL PRACTICE IN LAND MANAGEMENT AND TAXATION

The NALAS Task force on Urban Planning organised the workshop “Capacity building and improving environment for municipal practice in land management and taxation” in Belgrade, 5th – 6th October 2015. It contributed to support municipal urban planning and land management focusing on the relation between land development and taxation of land and real estate. In advance of the workshop, a survey was conducted to collect relevant information about the practice of property taxes and its connection to land use planning in order to enable a structured exchange of information. Two types of questions were raised:

- ▶ Questions concerning property tax and urban development are developed to get more insight information about the status quo in NALAS member local government associations.
- ▶ Personal views on land taxation and urban development shall inspire the workshop. (it is best if the personal opinions reflect the view of the local government association to the best knowledge of the experts though personal expert opinion will be appreciated)

The answers were used as input for the workshop to steer the discussions.

1. QUESTIONS CONCERNING PROPERTY TAX AND URBAN DEVELOPMENT

In order to explore the relations between property taxation and urban development, some insights into the logic of the property tax are useful:

1. Does the property tax in your country reflect the different use of land?	
- Does it differ between building land and agricultural land?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	It only differs between categories of agricultural land. We don't have taxation for building land, because we only have building tax (which is estimated depending on meters square of the building).
BOSNIA AND HERZEGOVINA Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	There is not property tax for building land and agricultural land. Property tax is paid only by persons who are owners or beneficiaries of the following assets: business premises are issued under the lease, residential building or apartment renting houses, garages that are issued under the lease, parking space that is issued, building for recreation
Association Of Towns And Municipalities Of Republic Of Srpska	Yes
NATIONAL ASSOCIATION OF MUNICIPALITIES IN THE REPUBLIC OF BULGARIA	Agricultural land is not levied by property tax.
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	There is no property tax. Some types of real estates are covered with so called "communal fee" which differs residential and business related property, garages, building land used for business and undeveloped building land. Agricultural land is not burdened with communal fee.
ASSOCIATION OF KOSOVO MUNICIPALITIES	There is no tax on land, at least in the implementation level. Some might argue that an extensive interpretation on the immovable property tax law shall mean tax on land too, however there is no collection of such tax. The Ministry of Finance, department for tax on immovable property is preparing in accordance with newly passed law, the valuation of the land zones in harmony with market value of the land. Municipality of Pristina defends the idea that there should be differences in progressive terms which implies progressive taxation based on market value and wealth criteria. There should also be stimulation for agricultural lands.
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	Yes
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Yes. There are also subcategories of agricultural land and building land.

UNION OF MUNICIPALITIES OF MONTENEGRO	Yes, the property tax in Montenegro reflects the different use of land (e.g. building land, agricultural land, woods, etc.)
ASSOCIATION OF COMMUNES OF ROMANIA	Yes. (Land located outside the urban areas is taxed at a different rate, approx 0.25 EUR/ha, irrespective of its category of usage and area)
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	Yes, the property tax law treats the building land and agricultural land differently. The tax on building land is being calculated based on floor area of constructions/buildings that are built on the land.
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Yes
MARMARA MUNICIPALITIES UNION (TURKEY)	Yes, it is a different category for building land and agricultural land.
- Does it differ between different types of use of the building land?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	There is only a building tax in Albania. It differs in three types: 1. Residential 2. Commercial, Industrial, etc. 3. Public and Religion Buildings (which are not taxed)
BOSNIA AND HERZEGOVINA Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	Property tax is paid by persons who are owners or beneficiaries of the following assets: business premises are issued under the lease, residential building or an apartment renting houses, garages that are issued under the lease, parking space that is issued, building for recreation. Property tax is paid for buildings for recreation and for rent.
Association Of Towns And Municipalities Of Republic Of Srpska	No
NATIONAL ASSOCIATION OF MUNICIPALITIES IN THE REPUBLIC OF BULGARIA	The assessed value of these types is estimated by different quotients.
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	Yes, between building land used for business and undeveloped building land (building land without buildings).
ASSOCIATION OF KOSOVO MUNICIPALITIES	Land is not taxed. The law on immovable property tax sets the thresholds of the quotas, and it is in between 0.15%-1%. The municipalities through their internal regulations may vary the quotas in between this threshold. Buildings are differentiated with different quotas where residential designation is taxed at the rate of 0.15 % of the buildings' market value, commercial use is taxed at the rate of 0.17 %, and industrial buildings at the rate of 0.15 %. There are other types of buildings, which vary in between 0.15%-0.17%. Warehouse was differentiated from industrial buildings in the last municipal regulation for immovable property tax.

ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	The taxation is <ul style="list-style-type: none"> - 0,05% of the property value per year; for residential buildings in which live the owners, - and 0,1% of the property value per year - for residential buildings in which the owners don't live in, and for commercial, industrial and other property
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Yes. As residential destination, agricultural destination and other destinations.
UNION OF MUNICIPALITIES OF MONTENEGRO	Yes, it does differ.
ASSOCIATION OF COMMUNES OF ROMANIA	Land property tax - fixed amount per square meter, depending on where the land is located and the area and/or category of use, in accordance with the classification made by the local council
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	The property tax is related to building/constructions and not the land alone. Thus, property tax differs based upon usage of constructions, not the land.
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Yes
MARMARA MUNICIPALITIES UNION (TURKEY)	Yes, it is different types of use of the building land like residential, commercial and industrial.

2. Is the property tax connected with urban development and land use planning?

- Does it take into account the different steps of development of a plot of bulding land?	
ALBANIA	There is no connection between the property tax and the urban development and land use planning. The taxation depends only on the municipality where the property is situated.
ASSOCIATION OF ALBANIAN MUNICIPALITIES	No
BOSNIA AND HERZEGOVINA	No
Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	No
Association Of Towns And Municipalities Of Republic Of Srpska	Yes

NATIONAL ASSOCIATION OF MUNICIPALITIES IN THE REPUBLIC OF BULGARIA	Yes, because communal fee is paid according to the position of the property within zones (areas) in particular city (it's more expensive for property placed in the center than one placed in suburbs).
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	We are not competent to answer this question, though we should have been involved in the process of setting certain criteria of evaluation for taxing land. The law as it stands does not allow for such extensive interpretation as it is limited to market value criteria for evaluation of the tax calculation. For the purposes of evaluating buildings, Municipality of Pristina did not use such criteria at this stage as the rates are not influential. However in the future we share the opinion that such criteria should be primary. The zoning for tax on buildings did use the market value criteria in accordance with the law.
ASSOCIATION OF KOSOVO MUNICIPALITIES	Yes they are take into account, but in evaluation criteria for the property value. There are different zones in the towns, and different provision of services, which have impact on the value of the property
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	Yes they are taken into account but in evaluation criteria for the property value. There are different zones in the towns, and different provision of services, which have impact on the value of the property
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Yes, it does. The property tax relies on the provision of service, but it makes a difference between property tax on buildings and property tax on the land. So reflecting property tax on the building the methodology puts an accent on the quality of the buidling relaying on provision of services as well on the type of the building (e.g. materials that are being used for building, size of the building, number of floors, etc.) On the other hand, considering property tax on the land relies on the quality of the land that takes into account the level of equipment of the building land.
UNION OF MUNICIPALITIES OF MONTENEGRO	Property tax takes into account the zoning, as well as „level of equipment of land“ e.g. existence of different types of communal infrastructure.
ASSOCIATION OF COMMUNES OF ROMANIA	Yes. The fiscal zoning is established taking into account the land location (against the centre), utilities networks and other criteria specific to the settlement.
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	Yes
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	No. Property tax is related with urban development and land use planning by calculating the value of the property by taking in to account the different steps of development. Regulation of the Property Tax Law (article 8/C) also indicates land use, zoning planning, utility network status shall be taken in to account to identify the difference of property value in different location of the lands.
MARMARA MUNICIPALITIES UNION (TURKEY)	No. Property tax is related with urban development and land use planning by calculating the value of the property by taking in to account the different steps of development. Regulation of the Property Tax Law (article 8/C) also indicates land use, zoning planning, utility network status shall be taken in to account to identify the difference of property value in different location of the lands.

Is it actively used as a policy instrument for land development? If yes, what are the core goals?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	Unfortunately not.
BOSNIA AND HERZEGOVINA Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	No
Association Of Towns And Municipalities Of Republic Of Srpska	No
NATIONAL ASSOCIATION OF MUNICIPALITIES IN THE REPUBLIC OF BULGARIA	No such goals
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	No
ASSOCIATION OF KOSOVO MUNICIPALITIES	---
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	No, it is not used as a policy instrument for land development in the institutional way
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Yes, partially. For example, according to the Land Code no. 828 of 25/12/91 where the holder does not fulfill its obligations within the prescribed time (not exceeding two years) he will lose the right to use the land by court decision or at the request of landowner.
UNION OF MUNICIPALITIES OF MONTENEGRO	There is a certain increase of property tax reflecting vacant building land. In fact every local government has its own strategy reflecting above mentioned. So some of the municipalities increase property tax on vacant building land only if the owner of the property is corporate body. Reason why individuals are not being taxed on the same way is mostly because of lack of capacity to keep the track with so many of them. Sometimes data bases are not very reliable. Anyway property tax might increase if the land, according to the urban plan, is a buildable plot, but there is no building there yet. The certain increase of the property tax is usually enforced as a core goal to motivate citizens to be less initiative to urge for urban land while plans are being made. The main goal of course would be to spare existing land, to spare the space.
ASSOCIATION OF COMMUNES OF ROMANIA	Difficult to assess, depending on the additional specific criteria for fiscal zoning set up by local council (as the compulsory ones aim rather to achieve a certain equitableness, so reactive, not proactive)

STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	There are no attempts to use the land tax as a policy instrument. The property tax base is flat. It takes into account the value of the property alone.
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Yes, but in a very simple way. The property tax is not actively used to pose pressure on vacant building or vacant houses/flats. It is used to pose pressure on infrastructural equipped zones for development. The main goal is to guide spatial development.
MARMARA MUNICIPALITIES UNION (TURKEY)	No it is not actively use as a policy instrument for land development. Only new and recent development is about regeneration act just started to use the VAT on property for the transactions on the first sale

3. What are the criteria for the valuation of properties charged by property tax? Do they take into account	
- The actual usage of the plot?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	Yes
BOSNIA AND HERZEGOVINA Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	No
Association Of Towns And Municipalities Of Republic Of Srpska	Yes
NATIONAL ASSOCIATION OF MUNICIPALITIES IN THE REPUBLIC OF BULGARIA	Yes
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	Yes, because the communal fee is lower for property used for residential purposes.
ASSOCIATION OF KOSOVO MUNICIPALITIES	---
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	Yes, the actual usage is one of the criteria.
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Yes

UNION OF MUNICIPALITIES OF MONTENEGRO	Yes, the actual usage of the plot is taken into account.(e.g. if the actual usage of a plot is land with an existing building that is used for living, in that case the property tax will be on building land, even though is possible that that land according to the urban plan might be not urbanized or undeveloped land such as agricultural land. Those cases are usually reflected on illegal buildings- buildings that don't have building permits, but are charged for property tax on behalf of actual use).
ASSOCIATION OF COMMUNES OF ROMANIA	No. Some fees may be surcharged by local councils if the land is not used
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	Yes, this criterion is being used.
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Yes
MARMARA MUNICIPALITIES UNION (TURKEY)	Yes, actual use is part of the valuation.
- The potential usage of the plot according to the land use plan (zoning) and the potential floorspace?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	Yes
BOSNIA AND HERZEGOVINA Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	No
Association Of Towns And Municipalities Of Republic Of Srpska	No
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	Yes
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	Yes
ASSOCIATION OF KOSOVO MUNICIPALITIES	---
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	No, the potential usage is not one of criteria.

CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Yes partially. For example according to the Tax Code no. 1163 of 04.24.97 real estate at a stage of finishing the construction of 50% or more remained unfinished for three years after the start of construction are object of taxation.
UNION OF MUNICIPALITIES OF MONTENEGRO	The base for the tax is the useable area, also the potential usage of the plot according to the land use plan is taken into account.
ASSOCIATION OF COMMUNES OF ROMANIA	No
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	In case of agricultural land within the boundaries of urban plan, potential usage is being used as criterion.
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Only for undeveloped buidling zones
MARMARA MUNICIPALITIES UNION (TURKEY)	Yes, land use/zoning plan decision taken in to account in the valuation but not at the floor space detail.
- Other criteria related to urban development policies?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	-
BOSNIA AND HERZEGOVINA Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	Property tax is paid only by persons who are owners or beneficiaries of the following assets: business premises are issued under the lease, residential building or an apartment renting houses, garages that are issued under the lease, parking space that is issued, building for recreation
Association Of Towns And Municipalities Of Republic Of Srpska	Zoning only and special areas
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	Yes
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	No
ASSOCIATION OF KOSOVO MUNICIPALITIES	---
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	There are some other criteria, like distance between property and public buildings and services.
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	None

UNION OF MUNICIPALITIES OF MONTENEGRO	Other criteria are: location, quality of the property (this is mostly related to the buildings), then the age of the buildings, type of the building(e.g. residential house, garage, outbuilding such as a pool, etc.). There is also a difference between primary residential buildings(e.g. the house where the family actually lives) and secondary residential buildings(e.g. the house where the family does not live, but spends weekends, holidays etc.)
ASSOCIATION OF COMMUNES OF ROMANIA	Not related to land/plot, only related to buildings (some criteria in this respect used for fiscal zoning - which influence the tax rate)
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	-
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Existing floorspace and existing usage of plot
MARMARA MUNICIPALITIES UNION (TURKEY)	Location of the property such as being in the city, being in the village, having a cadastre application, being on the street and avenue or not, having other existing planning frameworks, etc.

4. Do there exist other forms of taxation of real estate in your country as e.g.	
- A land value tax?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	No
BOSNIA AND HERZEGOVINA	
Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	No
Association Of Towns And Municipalities Of Republic Of Srpska	Yes
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	Limited range of taxable land – land within development limits, developed yards and land outside development limits (excluding agricultural land)
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	Not that one but there is separate tax on so called “vacation property” (the one used periodically, in which owner is not living)
ASSOCIATION OF KOSOVO MUNICIPALITIES	-

ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	Not as a separate tax. It is included in the property tax.
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Yes. As tax on property (land or land and building as real estate)
UNION OF MUNICIPALITIES OF MONTENEGRO	Yes, it is a so called tax on the land.
ASSOCIATION OF COMMUNES OF ROMANIA	Transfer tax.
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	No
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Not yet
MARMARA MUNICIPALITIES UNION (TURKEY)	No
- A tax that is related to the floorspace of buildings?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	No
BOSNIA AND HERZEGOVINA	
Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	Yes
Association Of Towns And Municipalities Of Republic Of Srpska	Yes
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	Yes
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	Every payment related to the property is based on the floorspace of buildings
ASSOCIATION OF KOSOVO MUNICIPALITIES	-

ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	Yes, the floorspace is one of the criteria for evaluation of property value.
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Yes
UNION OF MUNICIPALITIES OF UNION OF MUNICIPALITIES OF MONTENEGRO	If the floorspace is related just to the footprint of the building that lies on the ground so the tax is not directly related to the floorspace of building but is related to the overall square footage of the building, and land of course.
ASSOCIATION OF COMMUNES OF ROMANIA	The property tax on building is applied to a value that it is assessed based on floorspace as well.
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	Land development fee is a fee that is paid prior to beginning of construction process. It is a form of a one-time paid tax. It's calculated based on floorspace of buildings that are going to be constructed.
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	This is a major form of taxation, it is called: municipal charge for the use of building ground. There is another form, the so called „state tax on property. State tax on property with many exemptions e.g. buildings of less than 160m ² , second homes)
MARMARA MUNICIPALITIES UNION (TURKEY)	It is part of the property tax
- How are they functioning?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	---
BOSNIA AND HERZEGOVINA	
Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	During the acquisition of real estate on the territory of Federation B&H one of the 10 cantonal laws on taxation of real estate shall be applied, depending on the canton where the property, which is the subject of acquisition, is located. In Federation of B&H real estate transfer tax rate is 5%.
Association Of Towns And Municipalities Of Republic Of Srpska	---
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	See „Immovable Property Tax Assessment Rates“
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	Communal fee is paid monthly (for maintenance of communal infrastructure) while tax on vacation property is paid once a year. Both are income of local governments.

ASSOCIATION OF KOSOVO MUNICIPALITIES	The law allows for such differentiation in taxing buildings, as for primary residence there is a flat deduction of 10.000 Euros from the tax base. This means that a second ownership of a building has no such deduction. Municipality of Pristina is planning to start differentiation of property tax on the bases of the number of inhabitants in a building. We will interpret the amortisation by considering the number of inhabitants in a certain building. We will set two thresholds, inhabitant number and buildings' space, whereby a number of tax payers will be deducted up to 50 % of the tax sum. We are in the stage of analysing and collecting data for determining such thresholds (eg. a taxpayer with more than 7 inhabitants in less than 50 m ² will be deducted up to 50 % of their total tax obligation).
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	Property tax is paid on anual base and it can be paid ¼ every 4-th month of the year.
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Now there is a functioning mixed system: on estimated value of property and on concrete criteria (ex. Floor space, cadastre indicators, etc.)
UNION OF MUNICIPALITIES OF MONTENEGRO	-
ASSOCIATION OF COMMUNES OF ROMANIA	-
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	-
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Both revenue for LC - incomplete real estate evidence - unfair and unequal taxation because of the lack of real estate evidence not all real estate owners pay taxes - administrative procedures for determining the tax base - too many exemptions - very low real estate recurrent taxation: average effective tax rate 0,08% of market value (differs among local communities from 0,03 to 0,3%). Both taxes represent less than 0,6% of state GDP. By that Slovenia ranks among the countries with lowest property taxation.
MARMARA MUNICIPALITIES UNION (TURKEY)	-

5. Do you know good practices in land taxation as an instrument taking aspects of urban development issues into account in your country? Which ones?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	---
BOSNIA AND HERZEGOVINA Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina Association Of Towns And Municipalities Of Republic Of Srpska	- Real Estate Transfer Tax ---
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	N.A.; for further information, please see „immovable Property Tax Assessment Rates“.
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	n/a
ASSOCIATION OF KOSOVO MUNICIPALITIES	At the conceptual level we consider that a differentiation should also take into account the possibility of segregating municipalities in terms of future investments. Paradoxically with the actual rates/ quotas we may reach the opposite of what we intend, because such low rates are not capable of influencing investments and low rates in certain city zones may be translated into less investments, by so being simply a <i>balance-sheet</i> of development.
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	Land taxation is the main source of municipal income, and after updating the property value, with new methodology, the municipal income grew up seriously.
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	The main provisions of Tax Code provide estimated value of property as tax base, and in assessing real estate are applied methods in determining the market value such as comparative analysis of sales method, income method and expenditure method.
UNION OF MUNICIPALITIES OF MONTENEGRO	I am not quite sure that any of the models that I am aware of is ideal, of course. On the other hand, there are certain steps forward about property tax increase reflecting vacant houses or land, also reflecting buildings that do not have a building permit. These buildings are being charged with 100 % property tax increase in order for them to be legalized.

ASSOCIATION OF COMMUNES OF ROMANIA	As mentioned, it is difficult to say, due to large variety of local policies. For example, re tax exemption/ reduction: The Cluj-Napoca City Council delivered a positive example to the nation being the first municipality in Romania to adopt specific measures for encouraging green building development. The City Council voted to provide a 50% reduction in property taxes for buildings earning a green certification and achieving the top score on the energy efficiency rating.
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	-
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	There are several different land taxation practices. It looks mass valuation system is favourite approach with many advantages. But in a sense of supporting urban policies and urban development goals a tax or better „urban charge“ is much more suitable.
MARMARA MUNICIPALITIES UNION (TURKEY)	Another legal framework for urban regeneration under the risky areas indicates some subsidy mechanisms due to property tax and value added tax in order to promote reconstruction.

2. PERSONAL VIEWS ON LAND TAXATION AND URBAN DEVELOPMENT

It is best if the personal opinions on land taxation and urban development reflect the view of the local government association to the best knowledge of the experts though personal expert opinion will be appreciated. The collection of personal expert views shall contribute to steer the discussions in the workshop.

What are the main challenges in land taxation for municipalities?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	At the moment the main challenge is collecting the land taxes. It gets collected only when the citizen needs a service from the municipality.
BOSNIA AND HERZEGOVINA Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina Association Of Towns And Municipalities Of Republic Of Srpska	Preparation of GIS base for taxation, registration of illegally constructed buildings ... The introduction of land tax will increase the budget, influence the development of municipal infrastructure, investment in urban development ... Property issues, many illegally constructed buildings
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	NAMRB is currently elaborating on law amendments concerning local agricultural land taxation.
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	Instead of communal fee and some other payments for property, Croatia is planning to introduce one property tax. However, incomplete land registers and other records of property are significant obstacle for that. Besides, many small municipalities have no human and other resources to collect tax by themselves (that's why central state tax administration is collecting taxes for them).
ASSOCIATION OF KOSOVO MUNICIPALITIES	-
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	It is very important land taxation to be affordable for the citizens, so the most of them are able to pay that tax.
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Finishing the assessment of property (due to lack of funding) in order to establish estimated value of property, especially in rural areas.

UNION OF MUNICIPALITIES OF MONTENEGRO	The main challenges in land taxation for municipalities are mostly regarding urban planning and urban development. In the last couple of years, we are witnessing the situation where the majority of citizens is demanding for their land to become urban land according to the urban plans, although many of them does not have any plans at all to start developing it (building the homes, residential, commercials, etc.), but just to sell the land on the market, because the value of the urban land is approximately 10 times or even higher than it is agricultural or nonurban land. The massive urbanization makes it hard for the local governments to provide communal services, what is usually very difficult to achieve. I believe that the conceptual system of planning seems to work wrong. Economic analysis that is mandatory part of the urban plans seems to be very lump, which is why our infrastructural equipment or better called ability is on a pretty low level. It is simply impossible to keep the track with such a huge urbanization (urban sprawl) regarding infrastructural development.
ASSOCIATION OF COMMUNES OF ROMANIA	Cadastre registry in rural areas.
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	The main challenges for municipalities are related to restricted access to databases on real estate that are being maintained on national level.
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	To set simple and transparent criteria for property taxation towards urban policies and to set appropriate GIS data for taxation.
MARMARA MUNICIPALITIES UNION (TURKEY)	The main challenges for land taxation for municipalities is the highly dynamic land values that change according to the real estate market mainly driven by supply and demand. Another challenge is about the collection of the tax. Municipalities collect the tax but do not use it, send it to central government for redistribution according to the population.

Which conflicts could occur concerning the execution of property tax?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	One of the most common conflicts in Albania is the Invasion of Land (one uses land on which he doesn't have ownership). This ends up in conflicts even for tax execution.
BOSNIA AND HERZEGOVINA Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina Association Of Towns And Municipalities Of Republic Of Srpska	Several levels of government (10 cantons with different law, it's necessary to adopt a law on property tax to be applied for the whole Federation), unsatisfied citizens, procedures... Owners do not apply (register) properties or land that the Law obliged, and there are no mechanisms to obligate people
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	<ul style="list-style-type: none"> - Failures to submit a tax return in due time - Failures to state or misstate any particulars or circumstances leading to underassessment of the tax or to exemption from tax

ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	There is no property tax yet
ASSOCIATION OF KOSOVO MUNICIPALITIES	We may encounter serious resistance from the taxpayers starting from 2017, when such tax will be collected. With the actual use of the land we will set a burden which will not be reciprocal to the usage. Due to the missing cadastral documents we may also face troubles in determining taxpayers. This issue is even more troublesome as the law conditions some important municipal services with the paying of the tax on property.
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	One of possible conflicts is the very low finance capacity of the citizens, or lack of awareness to pay property tax, maybe if there is no feeling that the money is spend appropriate by the municipal authorities.
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Could be tax enforcement problem and conflicts between the central and local bodies.
UNION OF MUNICIPALITIES OF MONTENEGRO	The lack of data that are being used as a base for implementing property tax. For example the majority of datas are being downloaded from cadastar, although the cadastar through the years has been changing the methodology of registering the properties. So to conclude, even though the cadastar data should be entirely reliable, unfortunately in many cases that is not the case, the cadastar data might be very much unreliable.
ASSOCIATION OF COMMUNES OF ROMANIA	-
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	-
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	-
MARMARA MUNICIPALITIES UNION (TURKEY)	Particularly, with the rapid urbanization, there are constant increases in the values of the real estate. However, these increases are not reflected in the real estate taxes. The problem here is to set the true and realistic value of the properties subjected to taxation.

What are the minimum requirements concerning the content and the quality GIS data for taxation purpose?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	Unfortunately the lack of human resources employed at municipalities has made it very hard to use GIS data systems for taxation, although it would be very beneficial.
BOSNIA AND HERZEGOVINA	Landscaped property relations, planning documents, areas of land and the zone
Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	
Association Of Towns And Municipalities Of Republic Of Srpska	Bruto areas

NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	No requirements concerning the content and the quality GIS data for taxation purposes
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	The GIS data is not widely used on the local level for any purpose.
ASSOCIATION OF KOSOVO MUNICIPALITIES	The margin of mistake should be reduced to the minimum especially when such technological possibilities are in possession. A street shall be the minimum criteria, and a property the maximum objective.
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	At this moment only a few municipalities in Macedonia have GIS data used in purposes of taxation. Data about: land use, area of plots, area of floorspace, services, access to public buildings and open spaces, etc are very important for taxation
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Spatial data used for real property assessment are derived from national cadastral records. Quality requirements are approved for the cadastral data by national legal acts, concerning location accuracy, content. A draft law introducing compulsory INSPIRE rules applying to data, metadata and other similar specific areas is going to be presented to the Parliament for approval by the end of 2015.
UNION OF MUNICIPALITIES OF MONTENEGRO	In couple of municipalities in Montenegro GIS is already being used, but just for departments of urban planning, while on the other hand, those projects haven't been handled together with the financial aspects that would include property taxation. Personally I believe that there should be certain services that would be highly equipped in a way to make a functional link between urban planning and property tax.
ASSOCIATION OF COMMUNES OF ROMANIA	The integrated geospatial database complexity was increased with the requirements of INSPIRE Directive standards compliance. Romanian Cadastral and Land Registration Agency (ANCP) is the authority that records, updates and registers the cadastre and land registration books. However, the cadastre and land registration system is made sporadically and there is almost no municipality that has a complete and integrated evidence of land. Also, the database encounters difficulties in been linked with public utilities companies' data.
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	The GIS is an instrument that is still not being widely used on municipal level. There are few examples of municipalities in Serbia that have established the GIS. The system can be used for execution of property tax. There are no guidelines nor standards for establishment of GIS.
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	<ul style="list-style-type: none"> - Consistent –accurate (real) GIS data - Formal (cadastral) GIS data - Property and ownership GIS data (land parcel/urban plot connected with buildings) - Existing and potential urban use GIS data
MARMARA MUNICIPALITIES UNION (TURKEY)	The GIS based UIS (Urban Information Systems) are legally established in metropolitan cities due to Metropolitan City Act. The quality of GIS data needs accurate update with certain standards. Therefore this is not legally linked with the calculation of the value due to the property y tax.

What is the aim of property tax? (very high – high – low – very low importance)	
Financing communal budgets?	
ASSOCIATION OF ALBANIAN MUNICIPALITIES	High. It is very important that communal budgets get financed by property taxes. The Communes could manage better and do better investments. For the moment the most investments are funded by the central government.
BOSNIA AND HERZEGOVINA	
Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	High
Association Of Towns And Municipalities Of Republic Of Srpska	Very high
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	Very high
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	The importance of communal fee for local budget is significant but not high. Those are earmarked funds dedicated exclusively for communal maintenance.
ASSOCIATION OF KOSOVO MUNICIPALITIES	It is very relevant for a municipal development. As the tax on taking a licence on building buildings is reducing due to the reduced number of licences for building buildings, tax on property will be of the highest amount making up the municipal budget. In these terms we should already think on increasing the tax rate and strengthening the collection.
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	Very high.
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	High
UNION OF MUNICIPALITIES OF MONTENEGRO	The aim of the property tax is very high.
ASSOCIATION OF COMMUNES OF ROMANIA	Very high
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	High

ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Very high	
MARMARA MUNICIPALITIES UNION (TURKEY)	Very high importance	
Policy instrument to influence land development as e.g. for		
	- „Motivation“ to use developed land and vacant houses	- Reduction of land consumption and urban sprawl
ASSOCIATION OF ALBANIAN MUNICIPALITIES	The number of vacant houses has increased a lot lately. With the right motivation and management the urban development policies would work better.	Unfortunately till 2014 the land consumption and urban sprawl in Albania had catastrophic effects on the landscape, agricultural land and cities. Although new regulations are being added, the property tax as a policy instrument to influence land development is a MUST at this point.
BOSNIA AND HERZEGOVINA		
Association of Municipalities and Cities of the Federation of Bosnia and Herzegovina	High	Low
Association Of Towns And Municipalities Of Republic Of Srpska	Low	High
NATIONAL ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF BULGARIA	Very low	Very low
ASSOCIATION OF MUNICIPALITIES OF THE REPUBLIC OF CROATIA	Low	Low
ASSOCIATION OF THE UNITS OF LOCAL SELF-GOVERNMENT OF REPUBLIC OF MACEDONIA	Low at the moment	Very low at the moment
CONGRESS OF LOCAL AUTHORITIES FROM MOLDOVA	Low	Very low
UNION OF MUNICIPALITIES OF MONTENEGRO	I already gave some personal views regarding “motivation” to use developed land and vacant houses in answer on question number 2.	Similar as on the answer on question number 2 and beginning of my personal view.

ASSOCIATION OF COMMUNES OF ROMANIA	Low	Very low
STANDING CONFERENCE OF TOWNS AND MUNICIPALITIES (SERBIA)	Low importance	Low importance
ASSOCIATION OF MUNICIPALITIES AND TOWNS OF SLOVENIA	Very high	Very high
MARMARA MUNICIPALITIES UNION (TURKEY)	Low importance	Low importance



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