

# Cadastral Valuation of Land in Russia and Introduction of the New Land Tax

Alexey L. Overchuk,

Deputy Chief,

Federal Agency for Immovable Property Cadastre, Russia

Deputy Chairman UN ECE WPLA

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# Cadastral Valuation of Land in Russia

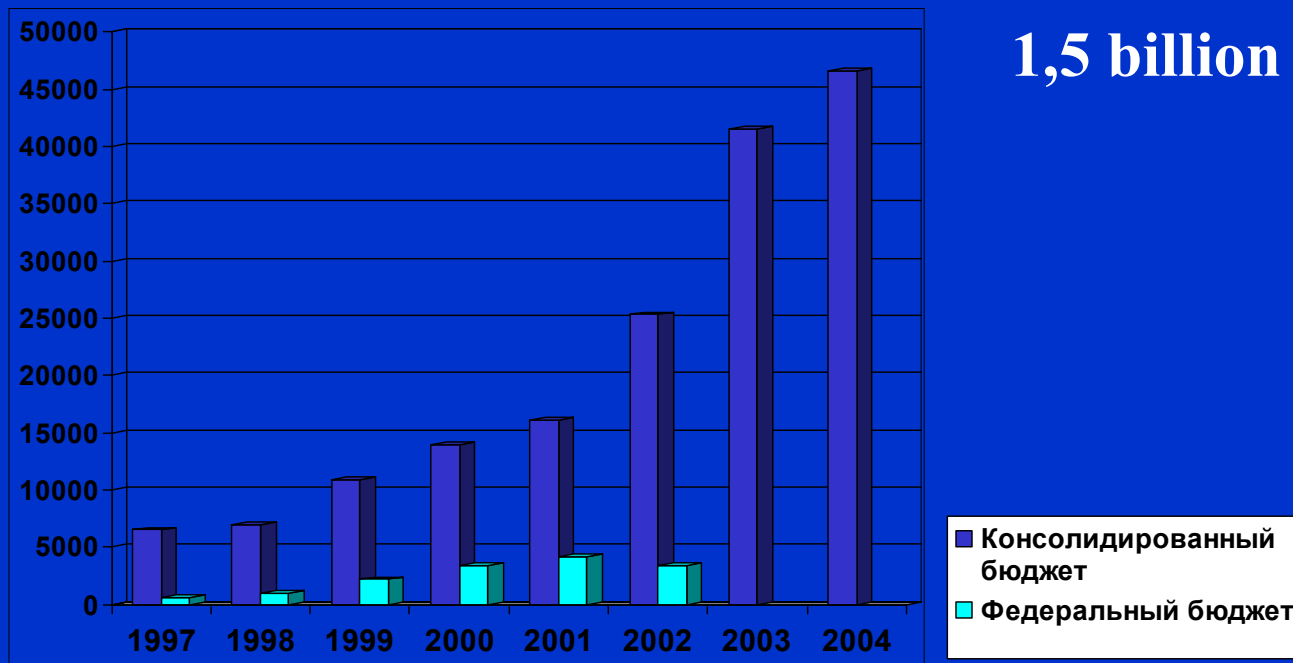
- > 1991 – Introduction of the land tax
- > 1999 – Federal Government Decides to reform the land tax
- > 2000 – 2005 – Development of infrastructure for cadastral valuation of land and valuation activities
- > 2004 – Amendments to the Tax Code introducing new market value based land tax
- > 2004 – 2005 Getting land parcels into cadastral records
- > 2006 – Introduction of the new land tax
- > What next?

# Cadastral Valuation of Land in Russia



# Cadastral Valuation of Land in Russia

> 1991 – Introduction of the land tax



# Cadastral Valuation of Land

> 1999 – Federal Government Decides to reform the land tax

> Reasons

Land tax is based on normative values

Established in 1991

Inflation rate of thousands of percent

Land tax has no connection to economy

Unfair tax burden

Land tax is unpredictable

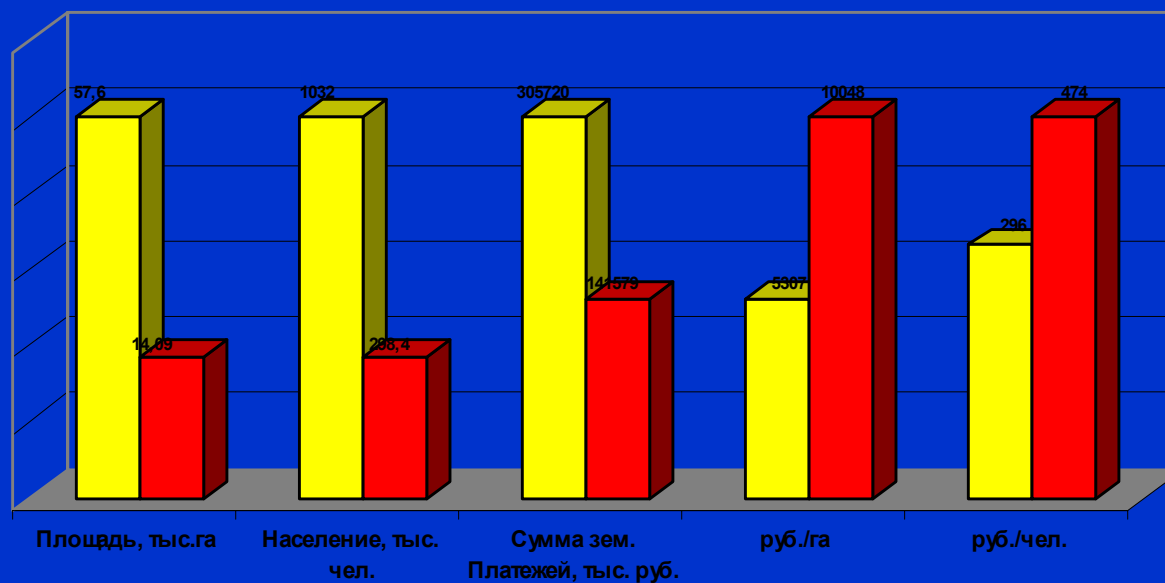
Annual indexation by federal and regional authorities

# Cadastral Valuation of Land

## Tax Burden in Large and Small Cities

■ Волгоград

■ Волжский



# Cadastral Valuation of Land

> 1999 – Federal Government Decides to reform the land tax

> New approaches to land taxation

Introduction of mass valuation tools

Use of three approaches to valuation of land

Mass valuation of land receives the name of cadastral valuation

Federal Land Cadastre Service of Russia is delegated the task to perform cadastre valuation

# Cadastral Valuation of Land

- > 1999 – Federal Government Decides to reform the land tax
  - > Distribution of authority
    - Federal Government
      - Develops cadastral valuation methodologies
      - Develops training courses and materials
      - Develops software
      - Provides consultations
      - Organizes and coordinates valuation activities
      - Controls cadastral valuation results
      - Provides financial support to all activities

# Cadastral Valuation of Land

> 1999 – Federal Government Decides to reform the land tax

> Distribution of authority

Regional Government

Provides financial support of valuation activities

Approves valuation results

# Cadastral Valuation of Land

> 1999 – Federal Government Decides to reform the land tax

> Distribution of authority

Local Authorities

Provides information support

Provides a smaller share of financing support

Take in results approval procedures

# Cadastral Valuation of Land

> 2000 – 2005 – Development of infrastructure for cadastral valuation of land and valuation activities

> Cadastral Valuation Methodologies

Urban Land

Agricultural Land

Developed Land (outside city boundaries)

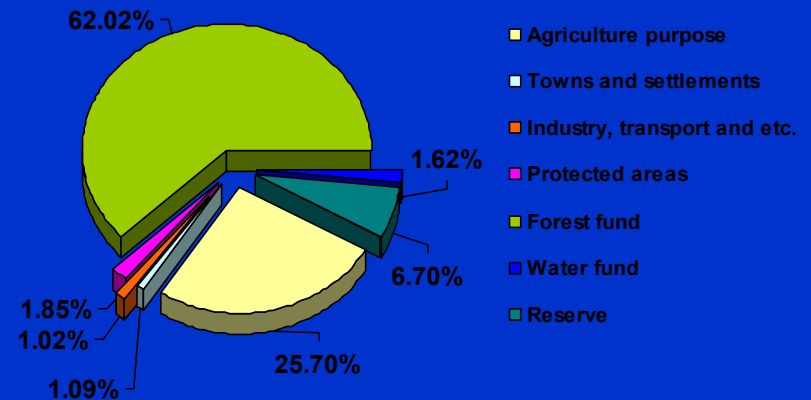
Forested Land

Protected and Reserved Land

Land Covered by Water

Dachas and Gardens

> All methodologies are accompanied by specially developed computer tools



# Cadastral Valuation of Land

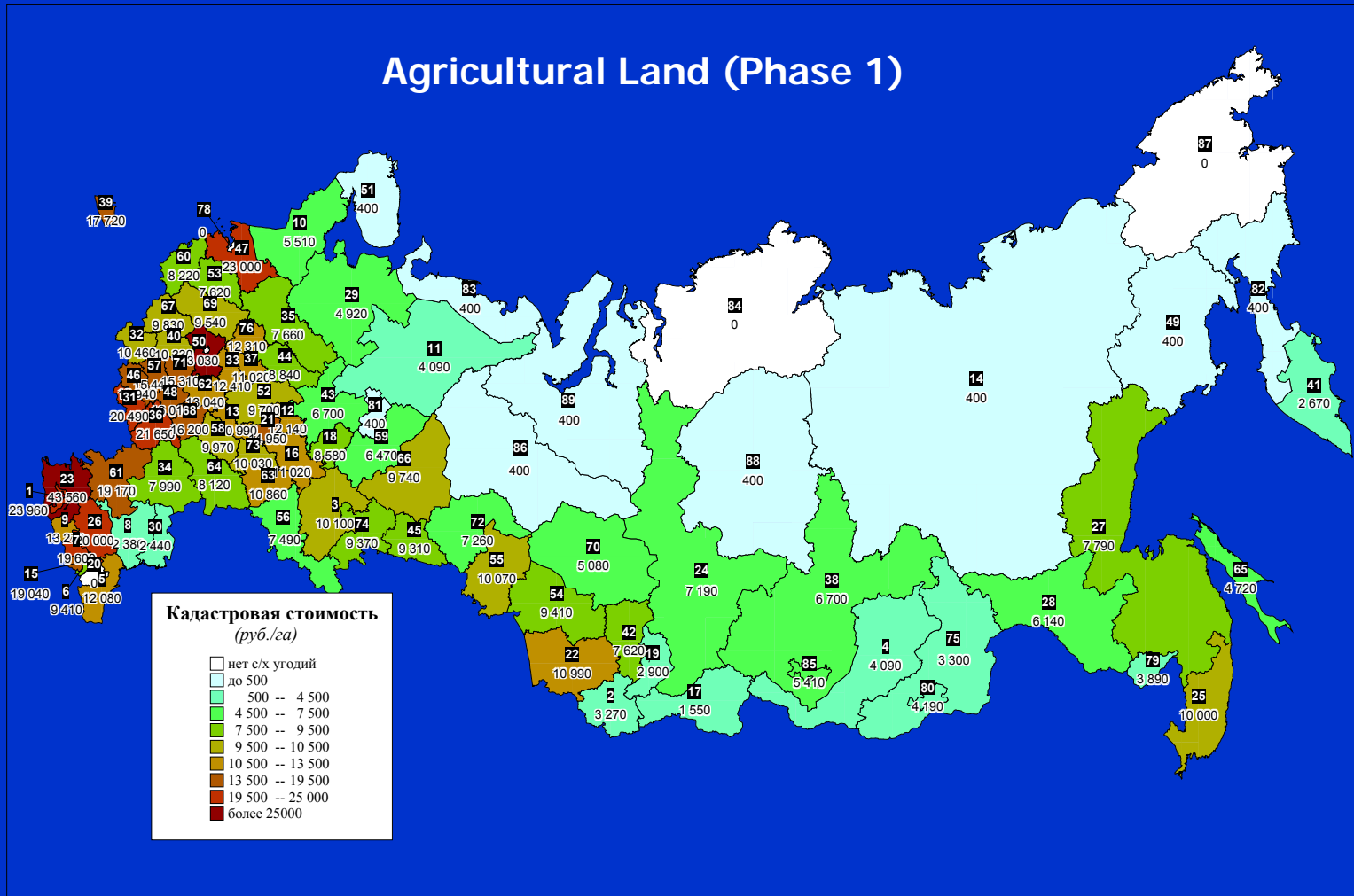
- > 2000 – 2005 – Development of infrastructure for cadastral valuation of land and valuation activities
  - > Training of Experts
    - 1999 - Almost no knowledge in market based mass land valuation
    - 2000 – 2004 some 6000 experts trained

# Cadastral Valuation of Land

- > 2000 – 2005 – Development of infrastructure for cadastral valuation of land and valuation activities
  - > Mass valuation by land categories and types of land use

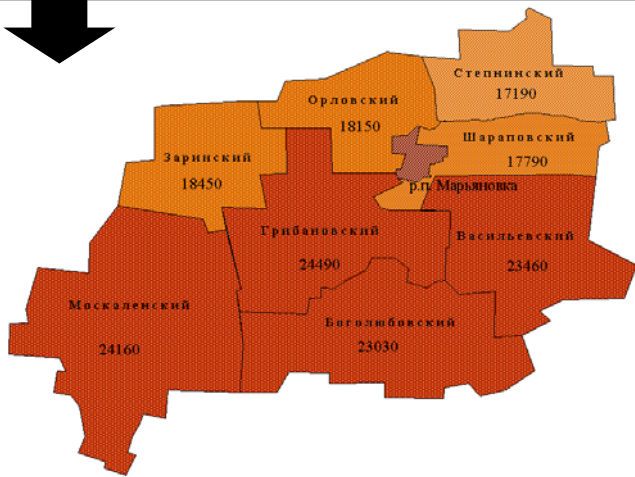
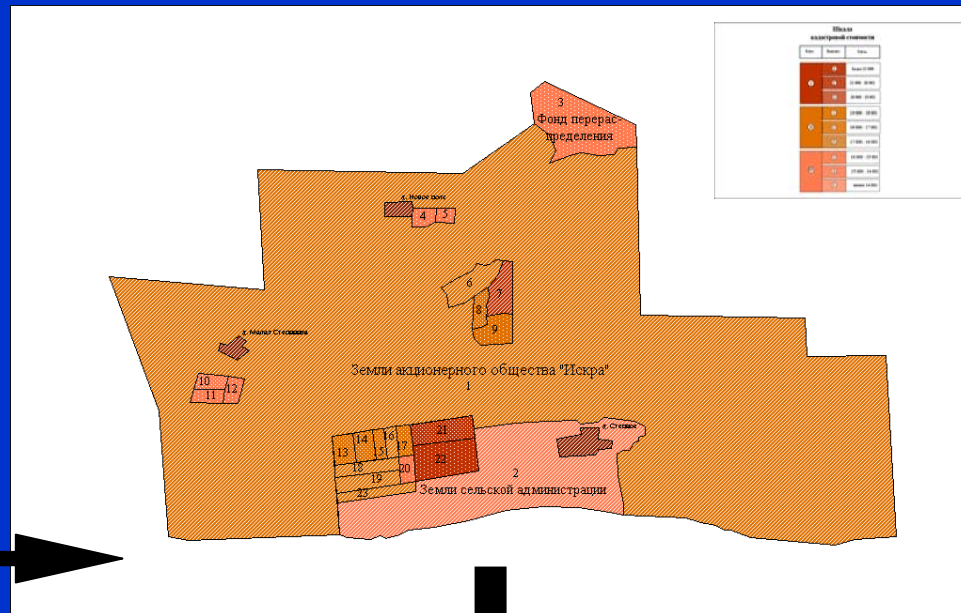
# Cadastral Valuation of Land

## Agricultural Land (Phase 1)



# Cadastral Valuation of Land

## Agricultural Land (Phase 2)

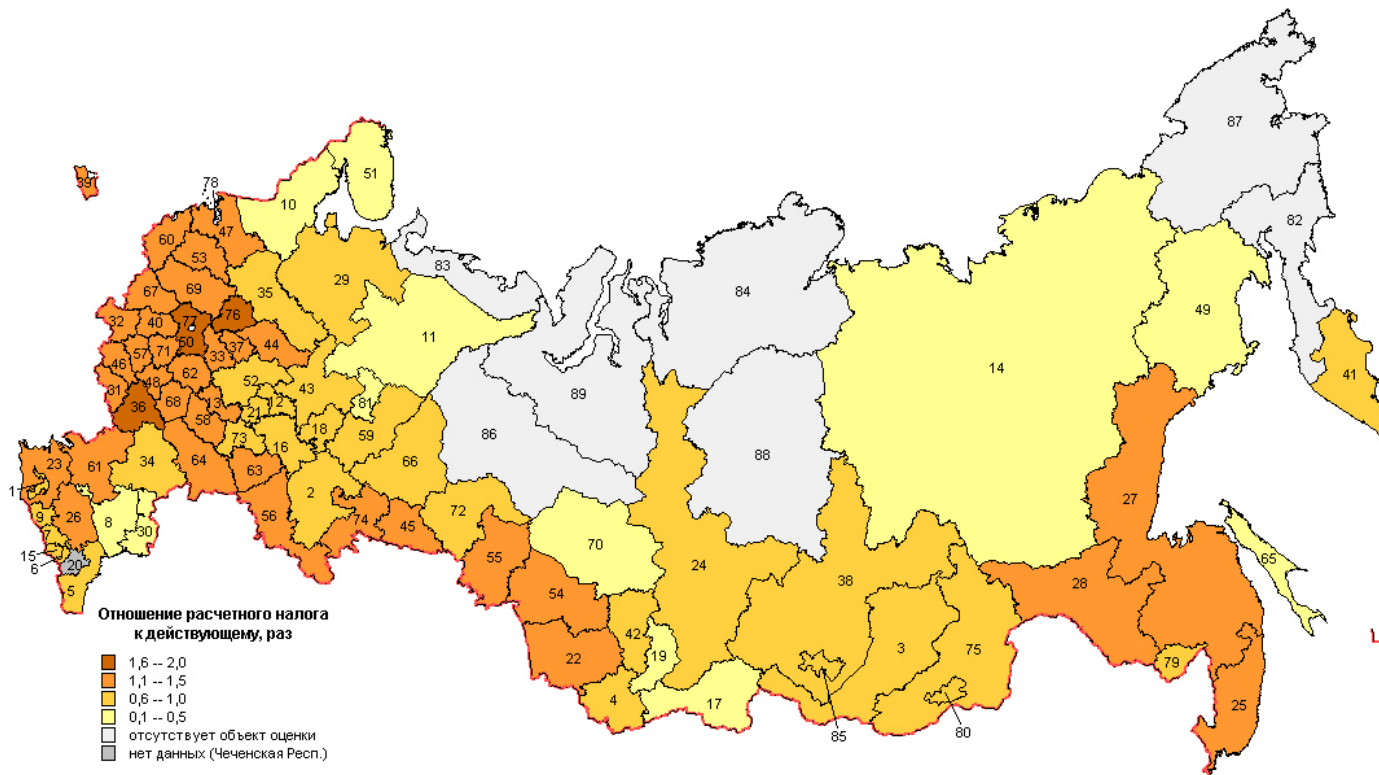


Список объектов кадастровой оценки

Номер на карте	Наименование объекта оценки	Кадастровая стоимость, руб/га	Номер на карте	Наименование объекта оценки	Кадастровая стоимость, руб/га
1	Акционерное общество "Искра"	16700	12	Великов А.В.	15340
2	Сельская администрация	4130	13	Чубаров А.А.	17190
3	Фонд перераспределения	15700	14	Горюхинов А.П.	17292
4	Грибановский колхоз	15050	15	Белов В.В.	17230
5	Абулбердиев Э.А.	15630	16	Тельмутов Э.А.	16340
6	Чистяков М.В.	16670	17	Ветров А.А.	17080
7	Алексеев С.А.	19380	18	Евдоким А.Е.	16500
8	Самойлов С.В.	17420	19	Соболев Д.С.	16740
9	Савельев Н.И.	18220	20	Кибриков Д.В.	15550
10	Ветров С.Г.	14820	21	Шариков В.С.	20430
11	Луговой С.А.	15360	22	Коловоя С.С.	21410
			23	Горюхинов А.Г.	16220

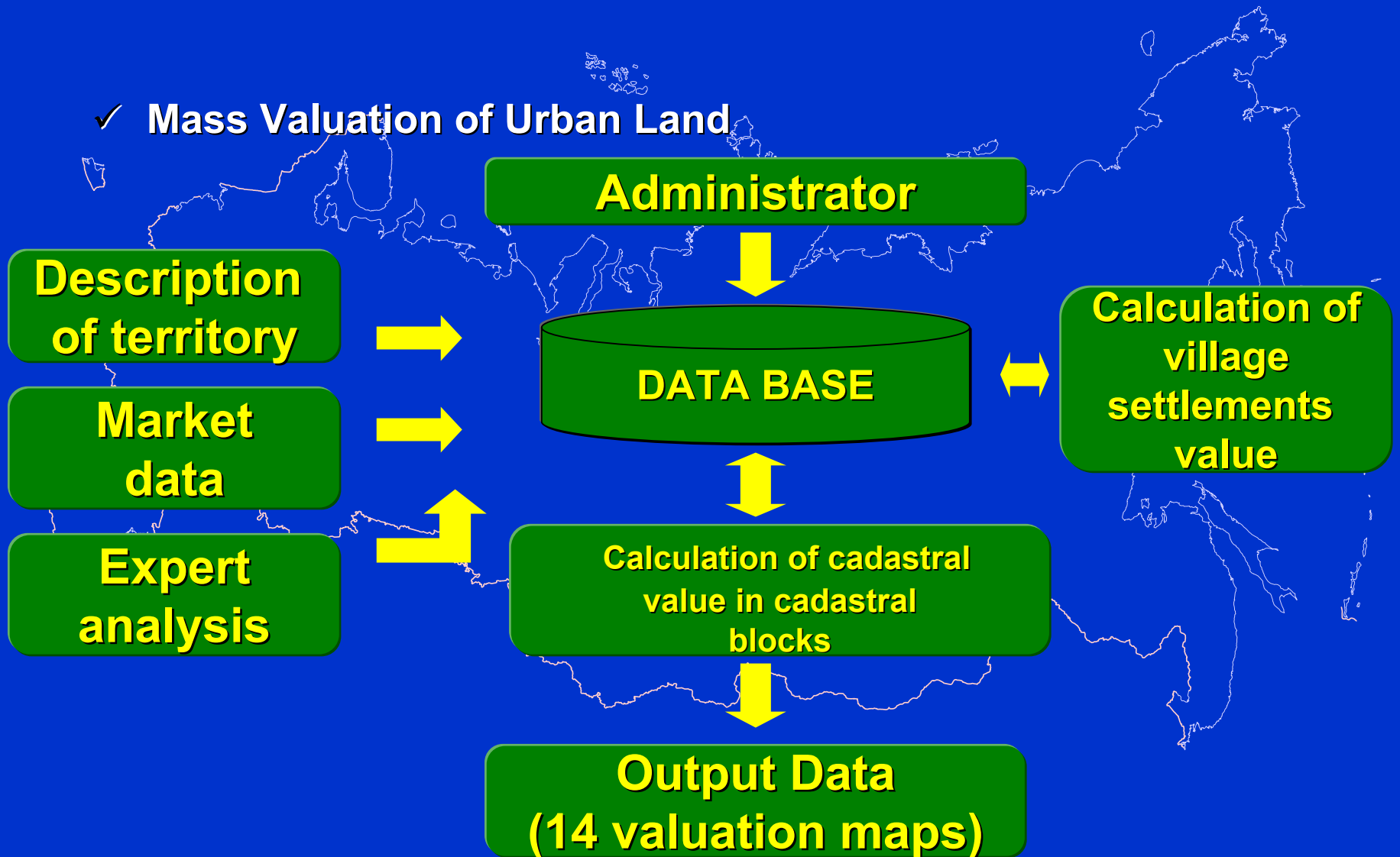
# Cadastral Valuation of Land

## Redistribution of Tax Burden for Agricultural Land



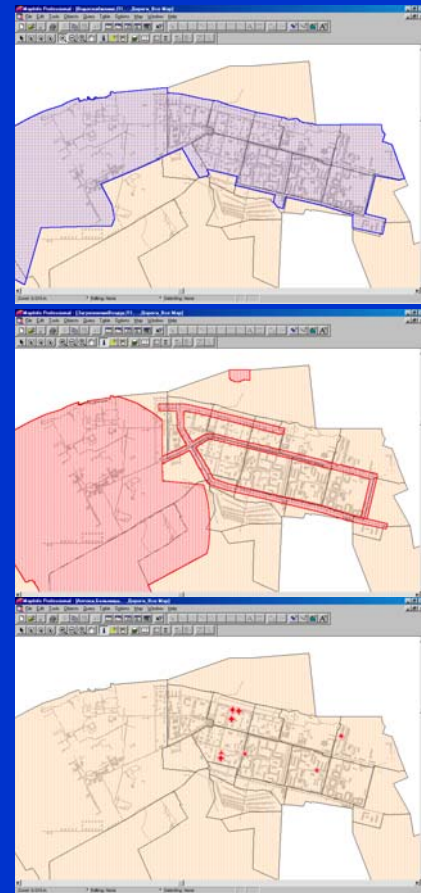
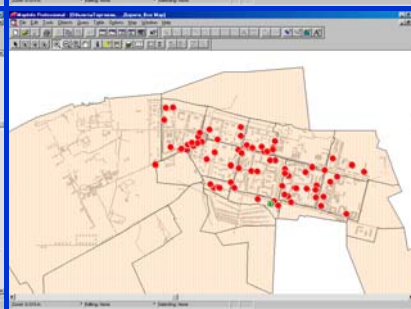
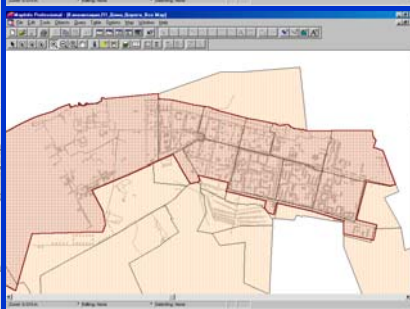
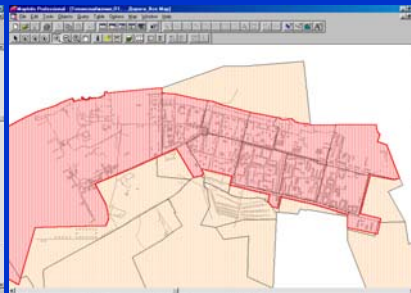
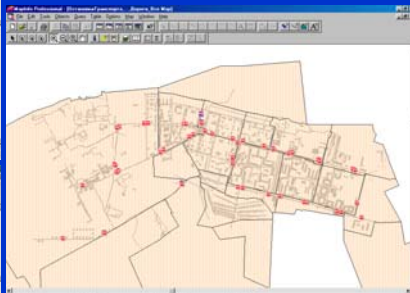
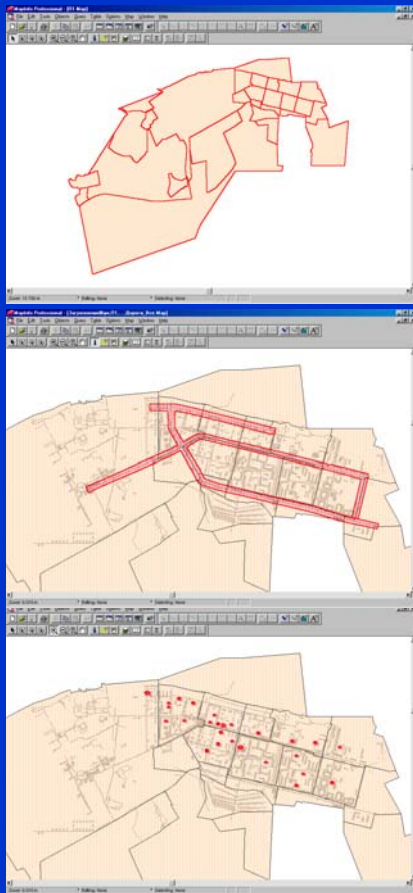
# Cadastral Valuation of Land

## ✓ Mass Valuation of Urban Land



# Cadastral Valuation of Land

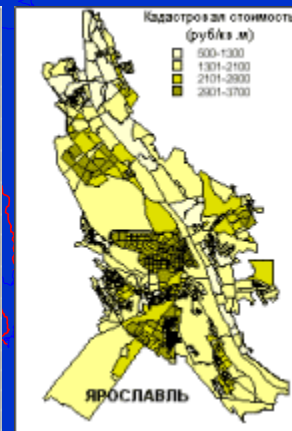
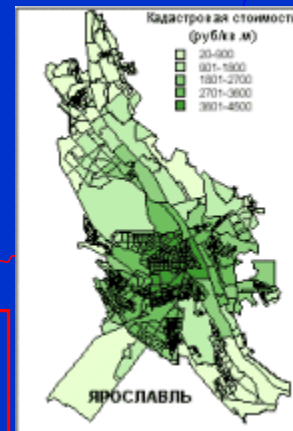
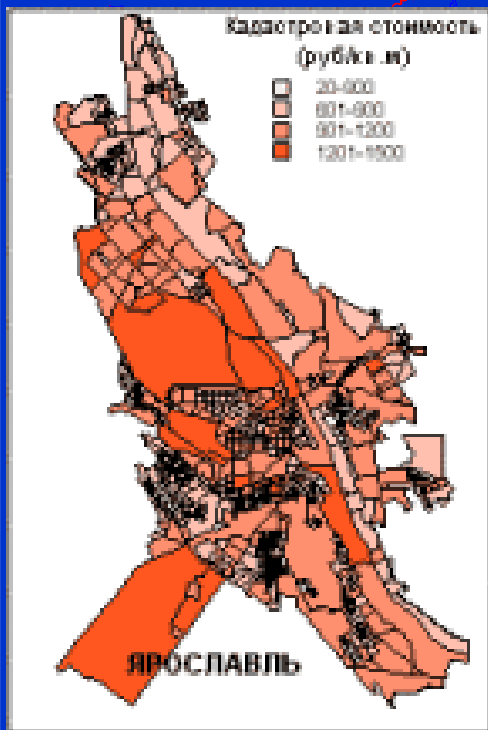
## Data collection



# Cadastral Valuation of Land

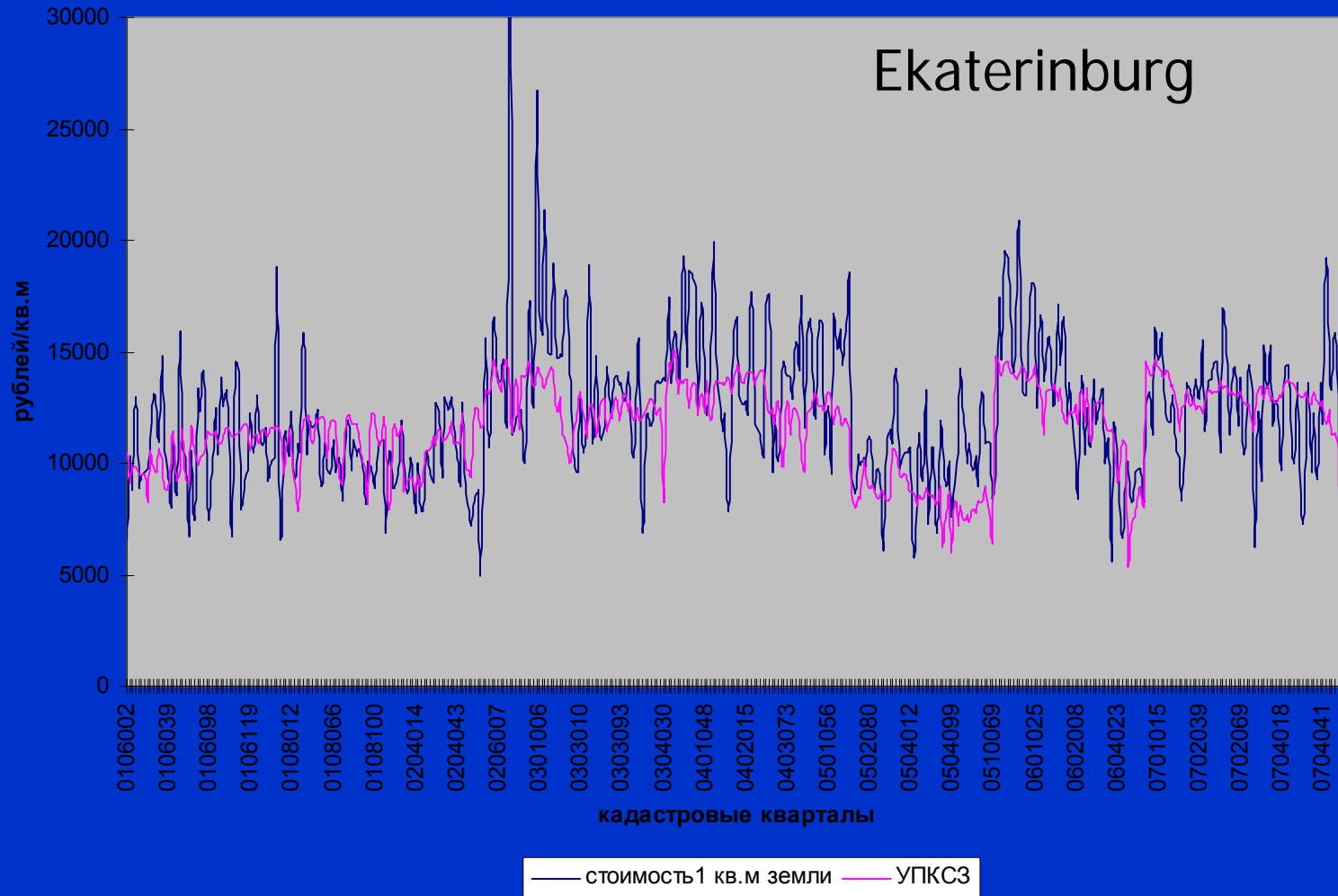
## ✓ Land within boundaries of cities and rural settlements

- Occupied by apartment buildings
- Occupied by single family homes
- Occupied by dachas, gardens and etc.
- Occupied by parking areas and garages
- Occupied by commercial business
- Occupied by schools, hospitals, sport facilities, places of worship
- Occupied by industrial enterprises
- Occupied by administrative buildings, financing institutions and etc.
- Occupied by defense facilities
- Occupied by recreational facilities
- Occupied by farms and farmland
- Occupied by forests, parks, alleys and etc.
- Occupied by separate bodies of water
- Other lands

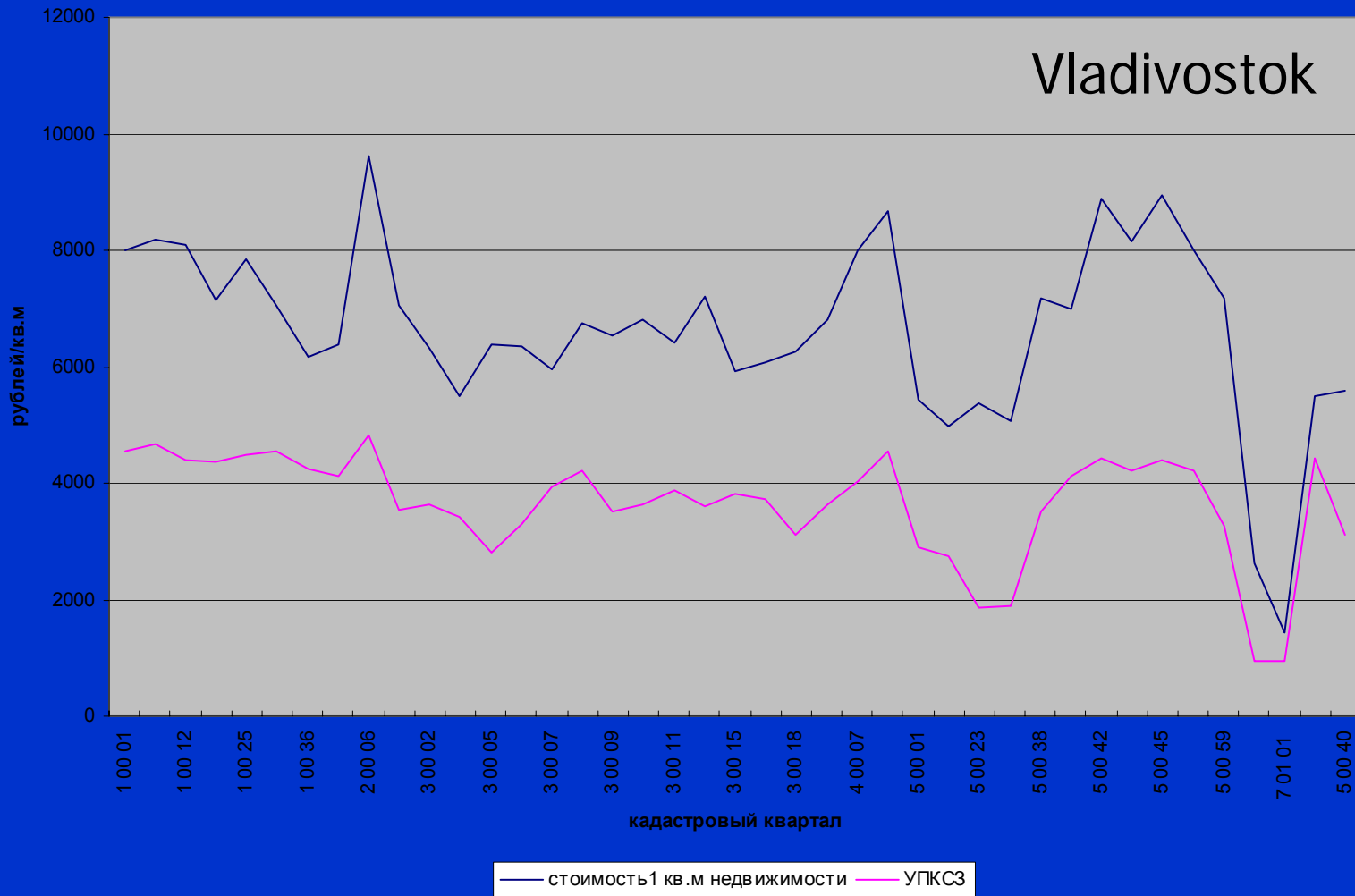


- ✓ Targeted land tax policy
- ✓ Land use planning tool

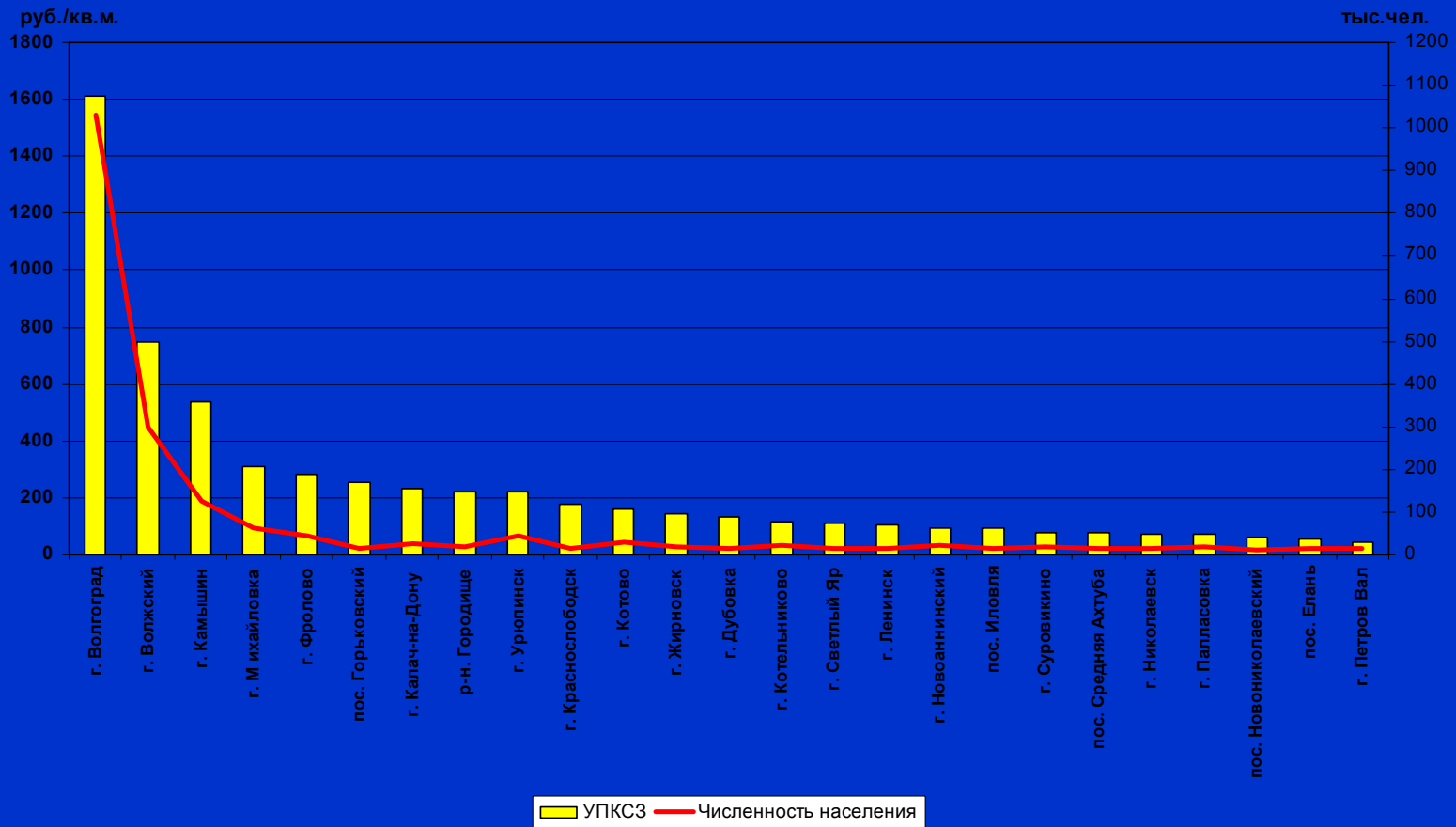
# Cadastral Valuation of Land



# Cadastral Valuation of Land

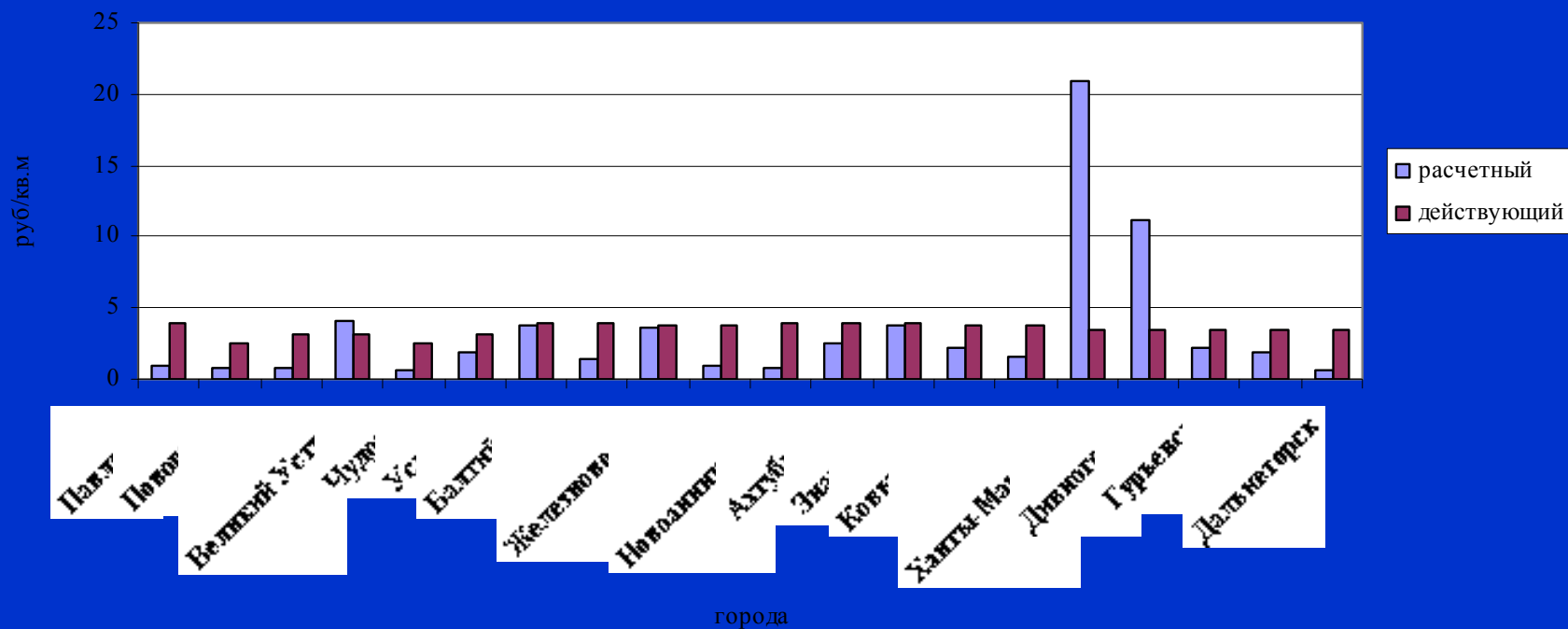


# Cadastral Valuation of Land



# Cadastral Valuation of Land

Прогноз земельного налога в городах при максимальной налоговой ставке 1,5 % (к главе "Земельный налог" проекта П ч. НК РФ) на 2004 год-типичная выборка земли под промышленными объектами (с численностью населения до 50 тыс.чел.)



# Cadastral Valuation of Land

- > 2000 – 2005 – Development of infrastructure for cadastral valuation of land and valuation activities
  - > Transfer of mass land valuation activities from the Government to independent licensed valuers
    - 2000 – 2002 – Only government owned companies
    - 2003 – only licences companies can perform cadastral valuation

# Cadastral Valuation of Land

- > 2000 – 2005 – Development of infrastructure for cadastral valuation of land and valuation activities
  - > All cadastral valuation results are controlled by Federal immovable Property Cadastre Agency for their compliance with federally approved cadastral valuation methodologies

# Cadastral Valuation of Land

- > 2000 – 2005 – Development of infrastructure for cadastral valuation of land and valuation activities
  - > By 2005 some 96% of valuation and related activities has been completed
  - > By December 2005 all cadastral valuation activities are planned to be completed

# Cadastral Valuation of Land

- > 2004 – Amendments to the Tax Code introducing new market value based land tax
  - > In November 2004 Federal Parliament passes amendments to the Tax Code

# Cadastral Valuation of Land

- > 2004 – Amendments to the Tax Code introducing new market value based land tax
  - > Main features of new land tax legislation
    - Tax base - Cadastral value of a land parcel
    - Federal Cadastre provides information on the tax base to tax authorities
    - Max tax rate is set by Federal Legislation
      - 0,3% - agricultural, residential, utility services
      - 1,5% - commercial
    - Tax rate is established by local authorities
    - Local authorities are beneficiaries of the land tax
    - Federal Government becomes a payer of the Land Tax

# Cadastral Valuation of Land

- > 2004 – 2005 Getting Land Parcels into the Cadastre
  - > By 2004 only 19% out of 34,3 million known land parcels were in computerized cadastre system
  - > Search for land parcels
  - > By December 2005 42 million land parcels expected to be in the computerized cadastre system (thematic description)

# Cadastral Valuation of Land

- > 2006 – Introduction of the new land tax
  - > Preparation of data exchange between cadastre and tax authorities
    - Data Exchange Format Developed and Introduced
  - > Information on 42 million land parcels will have to be supplied to tax payers and tax authorities before February 1, 2006

# Cadastral Valuation of Land in Russia

## > What next?

### > Introduction of Real Property Tax (land and improvements)

Develop federal real estate market monitoring system

Introduce Immovable Property Cadastre System

Test mass valuation methodologies

Perform mass valuation of a nationwide scale

Introduce Institution of property tax

# CONTACT

> Alexey L. Overchuk

Deputy Chief

Federal Agency for Immovable Property Cadastre  
Prospect Vernadskogo 37/1 Moscow, Russia

Email: [alo@fccalnd.ru](mailto:alo@fccalnd.ru) phone +7 095 937-7351