

FIG

# FIG WORKING WEEK 2017

Helsinki Finland

29 May - 2 June 2017

*Presented at the FIG Working Week 2017,  
May 29 - June 2, 2017 in Helsinki, Finland*



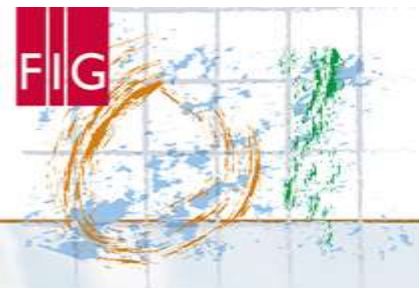
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## THE FISCAL REFORM OF LAND TAX IN GERMANY:

Still a report for the time being?  
Same old, same old...

Maximilian KARL, Germany

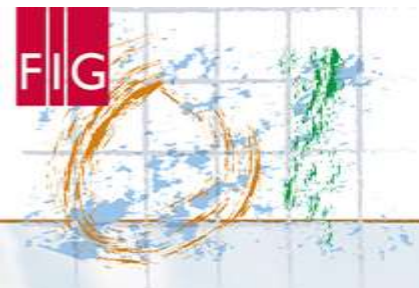


TS061 Real Estate Taxation Solutions for a Changing World



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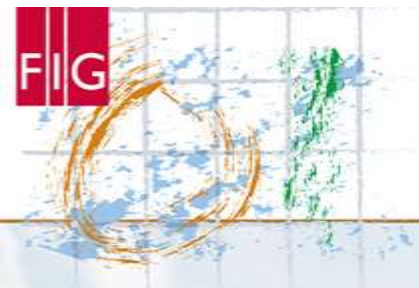
## 1. THE HISTORY OF LAND TAXATION

- Land taxation in many past societies in different forms
- modern German land tax was introduced in 1861 in the territory of the Prussian state
- Friedrich Gustav Gauß coordinated the implementation of a cadastre of tax which implied the area and ownership of the land
- since 1891 the actual land tax was assigned to the municipalities



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## 2. TAX REVENUE IN DIFFERENT COUNTRIES OF THE EU

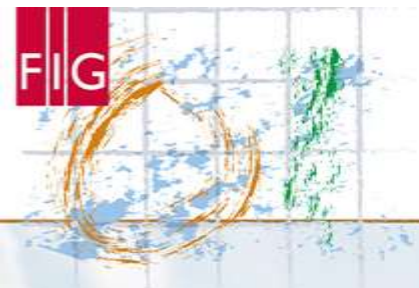
Country	Per capita	% of GDP
Germany	133	1,1
United Kingdom	933	4,1
Denmark	462	2,0
Belgium	384	3,5
France	367	4,1
Sweden	277	2,5
Spain	185	2,4
Italy	170	2,8

(OECD 2017, data 2015)



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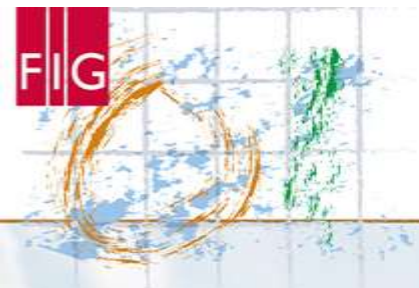
## 3. SOLUTION APPROACHES UNTIL 2015

- a) Land tax, based on **market value**
- b) Land tax, based on the principle of **equivalence, simplified, independent of value**
- c) Land tax, based on a **combined model which is independent of a building's value, but based on the Standard Land Values**



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## 4. DRAFT BILL BY THE FEDERAL ASSEMBLY

Timetable: 2022 > Assessment

2027 > 1st following reassessment

*but End of 2017 > Judgement of the Constitutional Court expected  
with shorter deadline*

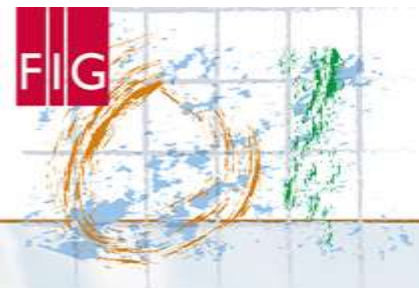
**Calculated „values“ > assessement factors > local rates**

***„Cost – neutral“***



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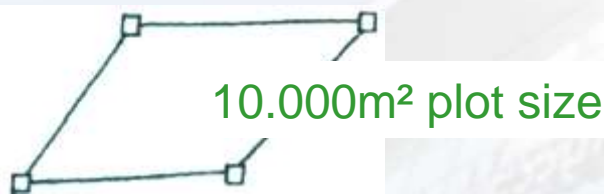
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**Agricultural and forestry land:** > Income capitalisation method  
= net profit  
\* interest rate of 5,5 %  
\* factor 18,6

**Undeveloped sites:** > „Cost-value“ based on the standard land value of the Boards of Valuation Experts



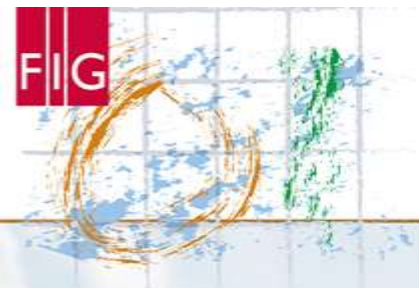
10000m<sup>2</sup>

x 200 €/m<sup>2</sup> (standard land value) x assesement factor x local rate



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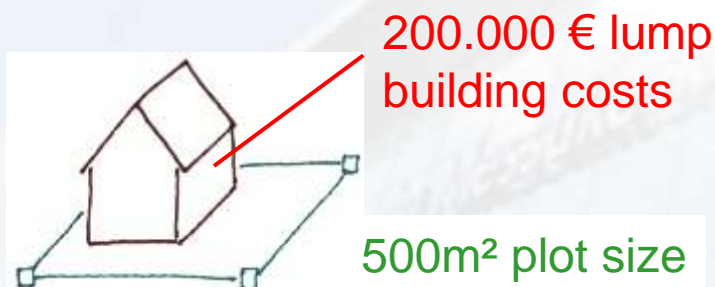
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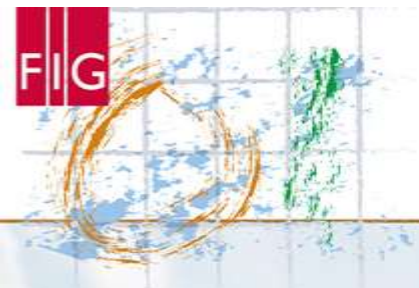
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- Developed sites:**
- > „Cost-value“ based on the standard land value (undeveloped sites), composed with lump construction costs based on the gross floor
  - > Account of age linearly, minimum at least by 30 %



(500m<sup>2</sup>  
x 200 €/m<sup>2</sup>  
+ 200.000 €) x assesement factor  
x local rate





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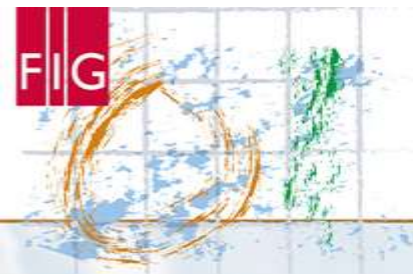
## 5. CLOSER EXAMINATION

- No adjustment factors of the Boards of Valuation Experts
- No Market Value
- Break with the system of all other methods of taxation
- Lump construction costs the same for whole of Germany
- Age limit at least by 30% of the cost value
- Standard land values are not representative for specific property



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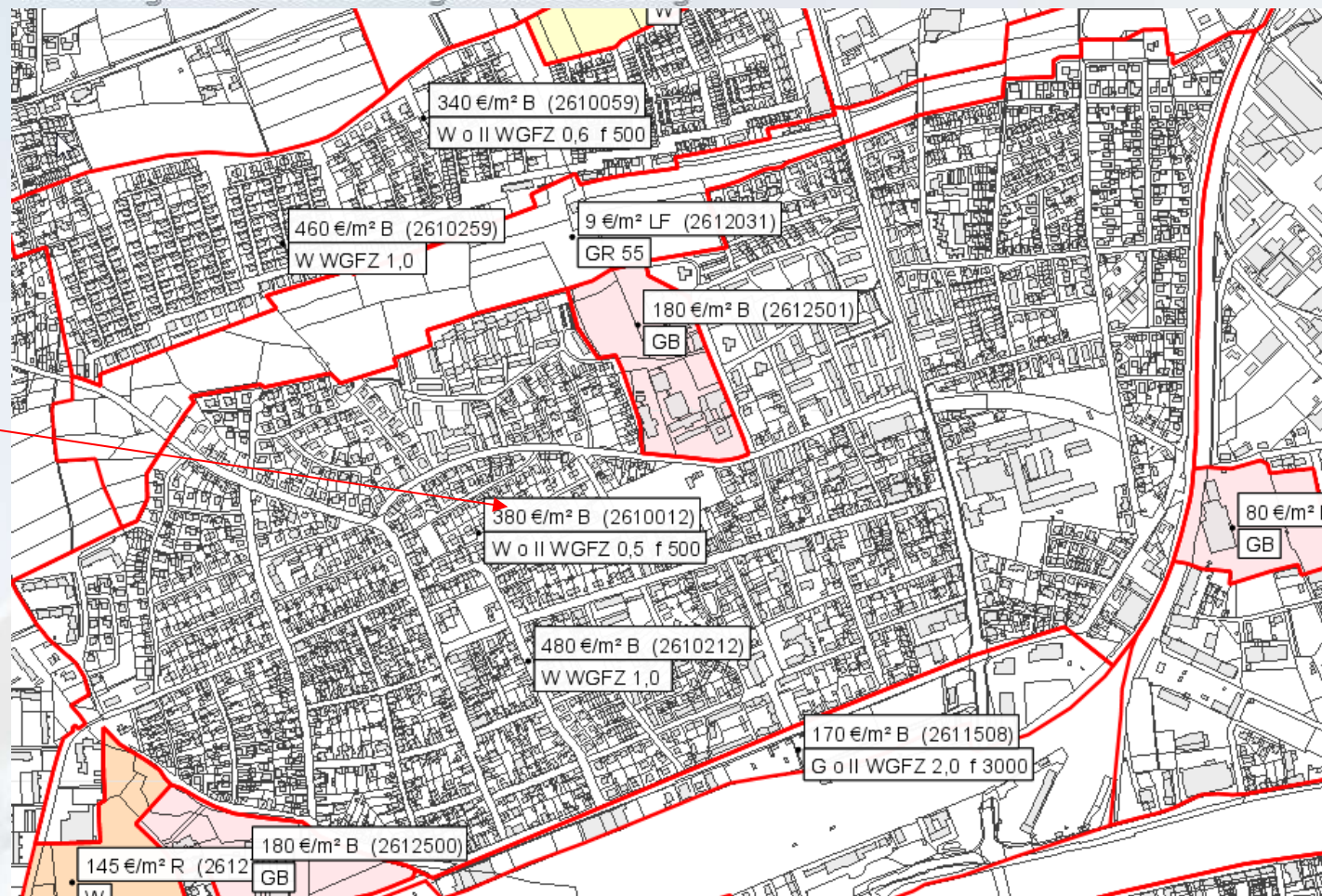
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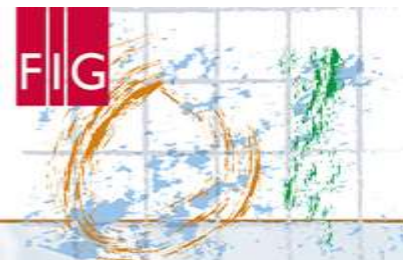
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SLV for Housing



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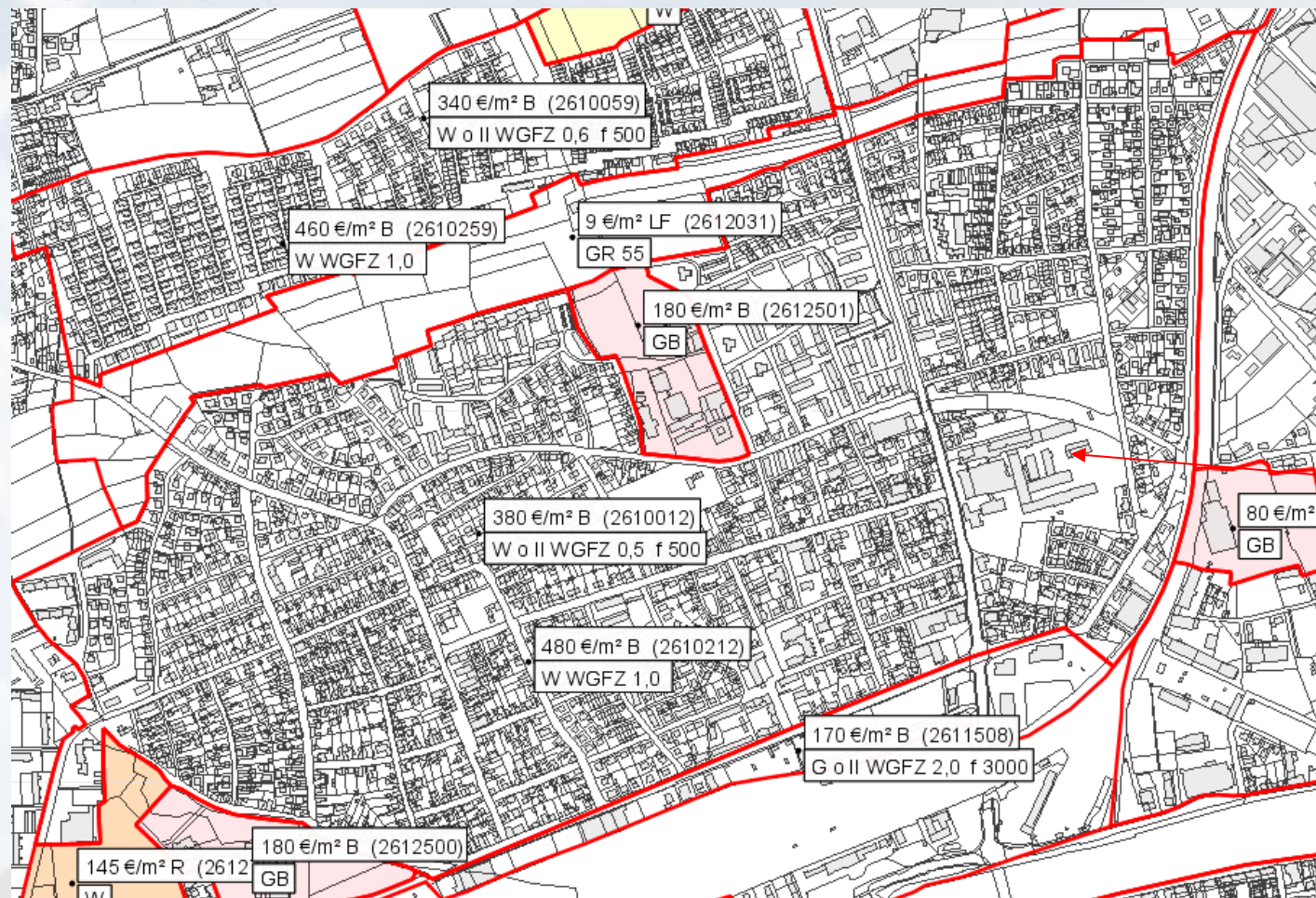


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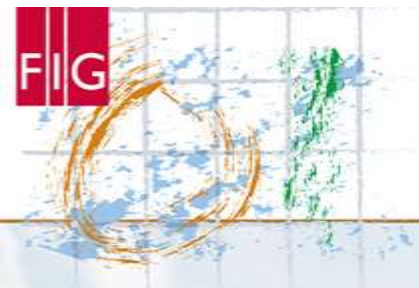


SLV for Industry  
150 €/m²



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## Thank you for your kind attention



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