

## Taxpayer checks data in the system of base registers

*FIG Sydney 2010*

*Facing the Challenges – Building the Capacity*

*Monday, 12 april 2010*

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## Program

1. Valuation and taxation of real estate in the Netherlands
2. The system of base registers in the Netherlands
3. Methods for improving quality of data
4. Conclusions

## Fiscal use of valuation

- Assessed values are used for
  - Municipal real estate tax
  - Real estate tax polderboard
  - Imputed income for owner occupied houses by central government (Income tax)
  - Limitation on fiscal depreciation of real estate by central government (Corporation tax)
  - Inheritance tax

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FIG 2010

## Average tax bill

VALUE	TAX	TAX RATE	TAX BILL
€ 250.000	Municipal real estate tax	0,09%	€ 225
	Real estate tax Polderboard	0,03%	€ 75
	Income tax (imputed income owner-occupied house)	0,55% * 0,42%	€ 575
	<b>Total tax bill:</b>		<b>€ 875</b>

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FIG 2010

## Assessment of real estate

- Special Act for real estate assessment (1995)
- Objectives
  - uniformity and quality of the assessment
  - efficiency
  - clarity for the taxpayer

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FIG 2010

## Act for real estate assessment

- Activities
  - 430 municipalities responsible for appraisal
  - 8 million properties to be appraised
  - yearly revaluation since 2007
  - owners and users are officially informed
  - assessed values transferred to national revenue office and (27) polderboards
- Quality control by special council

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FIG 2010

## Definition of value of real estate

- International Valuation Standards
  - Market value
    - The estimated amount for which a property should exchange on the date of valuation between an willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently, and without compulsion
  - Mass appraisal

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FIG 2010

## Computer assisted mass appraisal

- different types of models
  - availability of market data
  - type of property and comparability of property
  - market competition
- results of CAMA models
  - assessed value
  - valuation report

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FIG 2010

## Alternative use of assessed values

- Applications by the taxpayer
  - Financing
    - Banks allowed assessed value as base for mortgage
    - Mostly for second mortgage for improvements
  - Insurance
- Physical planning and public investments
- Prevention of real estate fraud

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FIG 2010

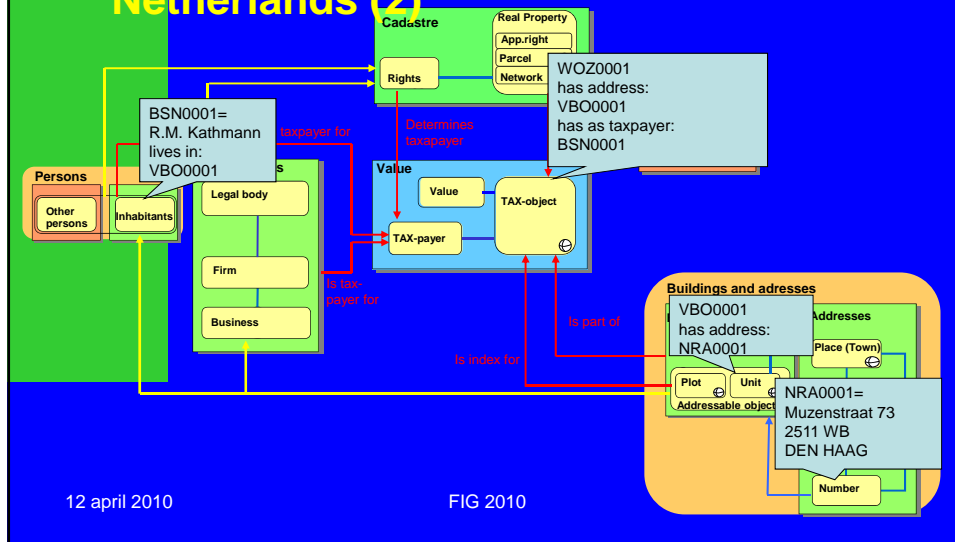
## The system of base registers in the Netherlands (1)

- With the system of base registers government
  - can offer rapid and good services
  - can not be misled
  - can improve confidence in its work
  - makes not more costs than strictly necessary

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FIG 2010

## The system of base registers in the Netherlands (2)



## The principles of base registers

- Authorities must use data
- Authorities must indicate potential mistakes
- Persons (companies) have the right to demand corrections (appeal)
- Authority responsible must investigate all signals

## Data needed for appraisal

- From base registers:
  - cadastral information
    - ownership, selling prices
  - registration of buildings
    - type, size and building year
    - building activities
  - register of inhabitants/Register of companies
- Additional collected data
  - quality of building, maintenance, location aspects

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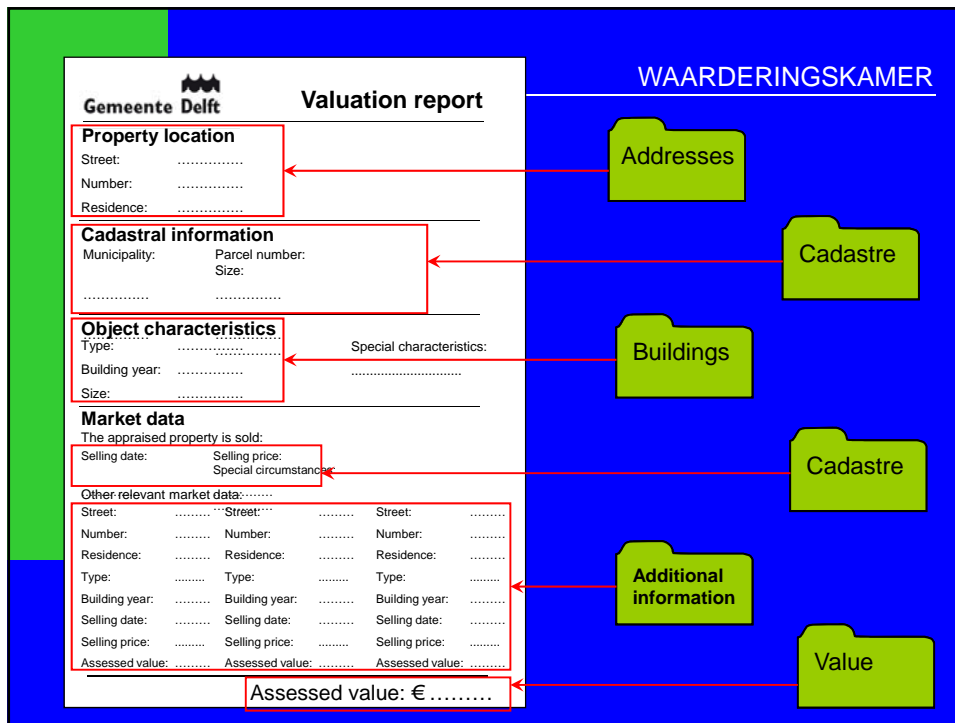
FIG 2010

## Methods used for improving quality of data for appraisal

1. accurate procedures for registration of changes
2. regular checks of registered data
3. intensive use of data and examining all problems encountered;
4. giving data to other users under the condition that all (potential) errors are reported;
5. giving registered persons (or companies or stakeholders) the possibility of reporting (potential) errors in the registration of "their" data.

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FIG 2010



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## Concluding remarks

- Bringing several registers into one system of base registers has a positive effect on quality and maintainability
- The yearly tax-bill and valuation report is the major source of replies on potential mistakes in registered (building) data

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