

# **Critical Assessment of the New General Valuation of Cyprus and Proposal of More Efficient Tax Assessment Policies.**

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## **SUMMARY**

Since the previous General Valuation in Cyprus took place almost 30 years ago, the Department of Land and Surveys had to reevaluate all properties with reference date the 1st of January 2013. In order to highlight the difficulty of the above, it is mentioned that totally in the South part of Cyprus are approximately 1,2 million Title Deeds (proofs of ownership) and accordingly properties and all of them should be revalued in 9 months. Therefore, property tax collection was a very difficult task because of the need to manage a large number of different taxation objects, as well as, property owners or users. Inevitably despite the hard work of the Department of Land and Surveys, some significant errors appeared (according to a large number of tax payers. Setting up a property tax collection requires the application of special knowledge and capacity to work in conjunction with variable data basis which is often very challenging. Additionally, the failure to establish a credible tax base usually thwarts the confidence of taxpayers and also limits revenue performance (Lindgren, 1985). Furthermore, O' Sullivan, Sexton and Sheffrin (1995) say that property tax is the single largest source of revenue and it can easily be integrated with local planning as it is a probable source of revenue. It is important to have a comprehensive tax base to avoid questions over the suitability of the property tax. This paper aims to examine the results of the New General Valuation in Cyprus with Reference Date 1.1.13 in terms of equity, fairness, accuracy and to identify the errors through comparative analysis of similar systems in other countries. Finally to propose some solutions.