The value of using information collected for real property taxation for valuation, granting loans and other purposes

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A transparent property market

Characteristics
- Openness
- Well-defined organisation
- Stable set of rules
- Consequent application of laws and regulations
- Respect for private ownership
- Uncomplicated purchase/sell process
- Relevant register information about real property
- Real property register openly available

The use of standardised determination of real property values

Information from the real property taxation process
- Standardised, calculated values
- Type codes; defining the use of the property
- Size, age, standard etc.

Tax assessed value: 2 250 000 SEK
Type code: 220 (Single family house for permanent living)
Size: Building 195 sqm., Lot 1240 sqm.
Age: Built 1929
Standard: 35 points ("Good quality")
The use of standardised determination of real property values

Important areas of use for tax assessment values, type codes and associated properties

**Taxation**

- Real property tax/charge - real property assessed value x 0.75%
- Stamp duty – highest value of purchase price and assessed tax value
- Capital gains tax – 150% x property tax assessment year 1952 = purchase price
The use of standardised determination of real property values

- Cost-effective process
- Access to automated valuation systems
- Standardised valuations of single-family houses
- Quick and at a low cost
- Input data from Real property register – prices standardised using taxation assessment values (P/T)

The use of standardised determination of real property values

- Information from taxation part of Real Property Register
- Type codes, size, age, quality
- Used for selection of comparable purchased properties
- Standardising prices using the market comparison method
The use of standardised determination of real property values

Credit rating

• Capital coverage rules (Basel II) changed the way banks handled credit risks
• Part of credit capital for real property has been valued in a standardised way, based on information from taxation part of the Real Property Register

Property price statistics

• Real property and real property price statistics are based on a combination of real property prices and tax assessment
• Statistical products – "Single family house barometer" indicator for the price development
The use of standardised determination of real property values

- Insurance purposes
- Credit information
- Basis for marketing
- Accounting
- Basis for purchase of site for leasehold land
- Basis for encroachment money
- Basis for site leasehold ground rent
- Physical planning
- Pre-emption cases

And many other important areas.....!

The future provision of register values for real properties

- Increase efficiency by changing current updating process
- The level of standardisation of the produced values must be in parity with the benefits and costs for producing them
- Find incentives for property owners to interactively change information directly in the register without the prior need for formal decision
Quantifying the value of access to real property tax assessment

Cost:
20 million € for collection of data, compiling the results and setting new tax assessment values

Benefits:
The granting of credit and real property valuation can be made efficient, normally all relevant information is available for the processes - leads to lower interest, lower risk for credit losses

Calculations:
Total loans with single-family houses amounted to approx. 100 billion €. Assume the interest being kept 0.01-0.03 % lower, savings for the households alone will be 10-30 million €

Conclusion

The society needs relevant tax assessment values and associated information; the value is higher than the cost

Thank you for your attention!