The Relationship Between the Land Cadastre and the Mass Valuation System - Mutual Benefits and Challenges

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SUMMARY

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The transition countries, which are situated in the Europe and Central Asia regions (ECA), since 1990 experienced substantial changes in political, economic and social spheres. Land and other real estate, privatization, effective asset management development and incorporation in the credit market has become the key elements of the reforms in the transitional period. Support of the World Bank, other international institutions and developed countries, as well as efforts of national governments, have made it possible for the countries of the region during the historically short period of time to implement projects on land reform, land administration, and land management. Most of the projects have included land registration activities, which was one of the most important preconditions for conversion of land cadaster, responding to the provisions laid down in CADASTRE 2014. Current development stage is focused on the further modernization of land administration system applying new technologies and creating more effective systems. The created basis enables to take on the land tax reform, the core of which is the land mass valuation. Countries in the region started reforms dismantling of the the former Socialist economic relations, were not bound by traditions and had the rare opportunity to take brave and unconventional solutions.

Lithuania is one of the countries in the region, which consistently implemented the abovementioned reforms. The State Enterprise Centre of Registers, established in 1997, modernized land and other real estate cadaster and register, which currently fully meets the criteria of CADASTRE 2014, and after the year 2000 has taken an ambitious project - to create a land and building mass valuation system. Since the year 2005, land and buildings are valued annually using mass valuation method and the set market values are used as a base for the land and building taxes, and a wide spectrum of
the state economic needs.

World Bank conference in Vilnius, in 2015, widely considered Lithuanian experience and formulated conclusions, which confirmed that our actions and decisions are logical and leading to the best result, and are obviated by the problems faced by countries without integrated real estate management systems.

Lithuania’s practice of mass valuation and the multipurpose use of its results, allows to discern synergistic relationship between the modern cadastre and mass valuation systems. Their interplay expands the usability of mass valuation results, encourages feedback, as a result of which land cadastre benefits itself and, last but not least, reduces both systems development and maintenance costs.

The paper analyzes Lithuania’s experience in the land and tax reform, land registry, cadastre and mass valuation systems and their further interaction in the modern environment. A detailed description of the relationship between the two systems, which can be described as a synergistic link, and the prospects for further development, is presented.