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

Surveying the world of tomorrow - From digitalisation to augmented reality
THE FISCAL REFORM OF LAND TAX IN GERMANY:
Still a report for the time being?
Same old, same old…

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TS061 Real Estate Taxation Solutions for a Changing World
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
## 2. TAX REVENUE IN DIFFERENT COUNTRIES OF THE EU

<table>
<thead>
<tr>
<th>Country</th>
<th>Per capita</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>133</td>
<td>1,1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>933</td>
<td>4,1</td>
</tr>
<tr>
<td>Denmark</td>
<td>462</td>
<td>2,0</td>
</tr>
<tr>
<td>Belgium</td>
<td>384</td>
<td>3,5</td>
</tr>
<tr>
<td>France</td>
<td>367</td>
<td>4,1</td>
</tr>
<tr>
<td>Sweden</td>
<td>277</td>
<td>2,5</td>
</tr>
<tr>
<td>Spain</td>
<td>185</td>
<td>2,4</td>
</tr>
<tr>
<td>Italy</td>
<td>170</td>
<td>2,8</td>
</tr>
</tbody>
</table>

(OECD 2017, data 2015)
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
4. DRAFT BILL BY THE FEDERAL ASSEMBLY

Timetable:
- 2022 > Assessment
- 2027 > 1st following reassessment
- but End of 2017 > Judgement of the Costitutional Court expected with shorter deadline

Calculated „values“ > assessment factors > local rates

„Cost – neutral“
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

10,000m² plot size

10000m²
x 200 €/m² (standard land value) x assessment factor x local rate
**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 %

- **200,000 € lump building costs**
- **500m² plot size**
- \((500m^2 \times 200 \, €/m^2) + 200,000 \, €\) x assessment factor x local rate
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
SLV for Industry
150 €/m²
Thank you for your kind attention

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