Automated Valuation System for Real Estate Tax Appeals

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Strategies for Successful Implementation Real Estate Tax

Motives to pay taxes; Information; Lobbying; Right to appeal.

Comprehensive information for decision-making and forecasting; Common understanding.

Public Opinion Concerning Land Values

Source: Press Agency, 2 October 2003
Results Presentation via Internet

WWW.REGISTRUCENTRAS.LT

PROPERTY ID

ACCORDING TO TYPE OF USE
MUNICIPALITY OR VALUE ZONE

Value Map for Commercial Use of Land
Value Zone with Average Market Values

Mass Appraisal Result for Property Unit
Appraisal Models

Value Spreadsheets for Cadastral Survey
Possibility to Provide On-line Feedback

List of Opinions Provided via Internet

Public notice & convenient to taxpayers; correcting of actual errors; forum and discussion
**Appeal System (1)**

REGULATED by the Law on Immovable Property Tax, 2006;

**INSTITUTIONAL levels:**
- 1\textsuperscript{st} level – Assessing Agency – State Enterprise Centre of Registers;
- 2\textsuperscript{nd} level – County Administrative Court;
- 3\textsuperscript{rd} level – Supreme Administrative Court of Lithuania;

PROCEDURE is based on the comparison of values of the same taxable property, estimated by mass appraisal and single property appraisal. The difference between values has to be more than 20% (after the most recent amendments in the Law – more than 10%);

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**Appeal System (2)**

1\textsuperscript{st} level:
Number of appeals during 2006/2007 – 1617 (approximately 3000 property objects, 0.65% from all taxable property objects):
- 458 – approved new taxable values, according to the single property valuation;
- 811 – rejected due to the lack of necessary documents;
- 31 – recalled by taxpayers;
- 317 – rejected because of inaccurate single property valuation.

2\textsuperscript{nd} level:
Vilnius County Administrative Court – 53 cases;

3\textsuperscript{rd} level:
Supreme Administrative Court of Lithuania – 16 cases.
Sales Data On-line Search System
(More than 800,000 sale prices)

Type of real estate use
Transaction type
Municipality, address
Real estate data:
- Wall material
- Price level
- Object No in transaction
- Zone
- Area

Search Result
Possibility to Make International Request - EULIS

Result of EULIS Request
Residential Property Price Index

Spreadsheet for Determining Market Value with Time Adjustment Function
Result Made by Spreadsheet for Determining Market Value with Time Adjustment Function

Mass Valuation Models Correction Table

<table>
<thead>
<tr>
<th>Unique No</th>
<th>House type</th>
<th>Vilniaus r. sav. Vilniaus r.</th>
<th>Lietuvos g. 281</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model No</td>
<td>1804</td>
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<td></td>
</tr>
<tr>
<td>Value, LTL</td>
<td>3,685,447</td>
<td></td>
<td></td>
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<tr>
<td>Valuation Date</td>
<td>2007.01.22</td>
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<td></td>
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</table>

<table>
<thead>
<tr>
<th>Name of attribute</th>
<th>Type of attribute</th>
<th>Importance attributes of an object</th>
<th>Importance in mass valuation model</th>
<th>Importance in appeal report</th>
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</thead>
<tbody>
<tr>
<td>Total area</td>
<td>Scalar</td>
<td>1039,19</td>
<td>0,862849273</td>
<td>0,80</td>
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<td>Zone</td>
<td>Scalar</td>
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<td>Purpose of use</td>
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<tr>
<td>Year of construction completion</td>
<td>Scalar</td>
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<tr>
<td>Wall material</td>
<td>Scalar</td>
<td>Metal with a framework</td>
<td>0,901922594</td>
<td>0,8</td>
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<td>Heating</td>
<td>Binary</td>
<td>Central heating</td>
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<td>1,05</td>
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<td>Sewage</td>
<td>Binary</td>
<td>Local sewage</td>
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<td>Object type</td>
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<td>Non-residential building</td>
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<tr>
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<tr>
<td>Auxiliary area</td>
<td>Value</td>
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<td>Pollution</td>
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<tr>
<td>Noise</td>
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<tr>
<td>Value, LTL</td>
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</table>
Analitical Data for Decision Makers
Distribution of normative value and market value of land for agricultural use

Analitical Data for Decision Makers
Distribution of normative value and market value of household land
Concluding Remarks

• The market value and the taxable value of real property computed on the market basis is the most easy to explain according to a common system of criteria and factors.

• Comprehensive information about the real property object appraised and generalized information about all evaluated objects allows assessing the opportunities and expediency of probable appeals. To a valuer and taxpayer, this information serves as an analytical material that may be analysed in his appeal procedure.

• Valuer can use this system in two ways:
  – Complement model with factors, which, in his opinion, were not evaluated but are important for determining a Market Value;
  – Create a new model and calculate newly the importance of evaluated or not evaluated factors, and obtain alternative (appellant) Market Value.

International awards – quality evidences

IAAO - 2004

IRRV - 2007
Thank you

http://www.registrucentras.lt