1. THE HISTORY OF LAND TAX

- 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>Revenues (in Billion Euro)</th>
<th>per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>10,9*</td>
<td>133</td>
</tr>
<tr>
<td>Great Britain</td>
<td>49,7*</td>
<td>986</td>
</tr>
<tr>
<td>Denmark</td>
<td>2,6**</td>
<td>472</td>
</tr>
<tr>
<td>Belgium</td>
<td>4,0**</td>
<td>384</td>
</tr>
<tr>
<td>France</td>
<td>23,6*</td>
<td>367</td>
</tr>
<tr>
<td>Sweden</td>
<td>2,5**</td>
<td>277</td>
</tr>
<tr>
<td>Spain</td>
<td>7,5**</td>
<td>185</td>
</tr>
<tr>
<td>Italy</td>
<td>9,9**</td>
<td>170</td>
</tr>
</tbody>
</table>

* 2009, ** 2008

3. CURRENT SITUATION IN GERMANY

- land tax accounts for 20% - 30% of the municipal tax revenue
- census of the land tax is based on the value of the real estate on basis of assessment of the taxable values of 1964 (or 1935)
  → these values have been unchanged since!
- the German federal constitutional court considers the “principle of equity” as violated in the current code of practice
4. THE LAND TAX REFORM IN GERMANY: AIMS, CRITICS, CLAIMS

- revenue neutrality - dt. Städtetag/ association of city/municipalities → constant tax revenue

- limitation of urban sprawl - federal ministry for environment → revitalize/mobilize urban waste

- operating expenses - Mieterbund / association of tenants

5. PROCEDURAL MODELS

January 2010, proposal by the Conference of the German secretaries of finance

a) Land tax, based on market value

b) Land tax, based on the principle of equivalence, simplified, independent of value (WUM)

c) Land tax, based on a combined model which is independent of a building’s value (KOM)
a) model of marked value

scale: market value of the land

model: undeveloped land: land area [m²] x standard land value [€/m²]

housing: usable area [m²] x comparable factor for buildings + land value [€]

condition: Inclusion of the cadastre-administration + boards of expert valuers, available data, trained staff

valuation: Consistent with the constitution, laborious, lacking transparency (statistical models), insufficient situation of data, positive synergetic effects with other proceedings of taxation, periodical revaluation with high cost

10.000m² plot size

undeveloped
10000m²
x 2€/m²

developed
200000€
value of building

500m² plot size

(500m²
x 200€/m²
+ 200000 €) x taxrate
b) value-independent model

scale: floor space of the land and buildings

model: floor space (land) x equivalence scale (“Äquivalenzzahl”)
+ buildings x equivalence scale (usage-dependent)

condition: - floor spaces taken from ALKIS (official data pool)
- municipal rate law at the communities

valuation: constitutionally not yet examined, simple, no controversies, unfairness
concerning the illustration of equivalence scales (e.g. age of buildings,
differences in locations are not to be respected), transparent, because
value-independent, potential of revaluation = minimal, automatable

Undeveloped (agricultural)

10,000m² 2 ct scale
(10000m² x 0.02) x 0.3

Developed

120m² 20 ct scale
500m² 2 ct scale
(500m² x 2 ct + 120m² x 20 ct) x taxrate

2500m² 2 ct scale
4000m² 40 ct scale
c) combined model

scale: element of land with value / element of building not value dependent

model:
- undeveloped lands: floor space \([\text{m}^2]\) x standard land value \([\text{€/m}^2]\) x 0.005
- developed lands: property space \([\text{m}^2]\) x standard land value \([\text{€/m}^2]\) x 0.05
  plus
- residential buildings = gross floor space x 20 ct/m²
- non residential buildings = gross floor space x 40 ct/m²

condition: see a) and b

valuation: constitutionally not verified and arguable, barely controversies
  requires intensive communication with the citizens

\[
\begin{align*}
\text{undeveloped residential non-residential} \\
120 \text{m}^2 & \times 2 \text{€/m}^2 \times 0.005 \\
10000 \text{m}^2 & \times 200 \text{€/m}^2 \times 0.05 \\
120 \text{m}^2 & \times 0.20 \text{€/m}^2 \times \text{taxrate} \\
4000 \text{m}^2 & \times 500 \text{€/m}^2 \times 0.05 \\
2500 \text{m}^2 & \times 40 \text{€/m}^2 \times \text{taxrate}
\end{align*}
\]
6. VALIDATION

- evaluation of 10,000 cases by the financial authorities of the federal states since March 2012
- collaboration with the
  - federal office for statistics and data handling ("destatis")
  - the taxation authority together with the municipalities, the administration of measurement and the boards of expert valuers
- first results in the middle of 2012

→ decision for one model by end of 2012 by the federal government (?)