Official committees of valuation experts and taxation in Germany

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1,217 committees
one per 66,000 inhabitants
one per 295 km²
1,000,000 transactions p.y.
160 Billion Euro p.y.

GERMANY
Official Committees of Valuation Experts in Germany (additional issues since 2009)

- Responsibilities are significantly extended
- Market transparency after subprime crisis
- Fairer taxation, based on market values
- Information to the tax offices
Indices

Asset value factors based on Standard building costs

Comparison Factors

<table>
<thead>
<tr>
<th></th>
<th>Lage</th>
<th>Anzahl</th>
<th>Ø Wfl. m²</th>
<th>Preisspanne €/m²</th>
<th>Ø KP €/m³</th>
<th>Std.abw.</th>
<th>Ø KP alt 2012</th>
<th>Ø KP alt 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zentrum</td>
<td>66</td>
<td>95</td>
<td>3.065 - 6.155</td>
<td>4.000</td>
<td>± 413</td>
<td>3.450</td>
<td></td>
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<tr>
<td>Gute</td>
<td>122</td>
<td>78</td>
<td>2.278 - 4.064</td>
<td>3.300</td>
<td>± 352</td>
<td>2.750 / 2.450</td>
<td></td>
<td></td>
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<tr>
<td>Mittlere</td>
<td>145</td>
<td>84</td>
<td>2.274 - 3.854</td>
<td>2.900</td>
<td>± 320</td>
<td>2.200</td>
<td></td>
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</tbody>
</table>

Property yields

<table>
<thead>
<tr>
<th>Wohnfläche m²</th>
<th>NHK 2000</th>
<th>NHK 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ø JZ</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>NHK 2000</td>
<td>6.1%</td>
<td>4.4%</td>
</tr>
<tr>
<td>NHK 2010</td>
<td>6.1%</td>
<td>4.4%</td>
</tr>
</tbody>
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Anzahl der Stichproben: n = 122
Bestimmtheitsmaß: R² = 0.22

Anzahl der Stichproben: n = 122
Bestimmtheitsmaß: R² = 0.14
TAX VALUATION OF REAL ESTATE

Valuation of real estate is crucial particular in three sectors:

- Capital transfer tax and gift tax
- Real estate tax and real estate transfer tax
- Profit and surplus assessment
1. Capital transfer tax and gift tax

Guideline for asset values 2012

Asset value factors

Tax offices (mass appraisal)

Guideline for comparison method 2014

Comparison factors

Tax offices (mass appraisal)

Guideline for income approach to valuation 2015

Property yields

Tax offices (mass appraisal)

2. Real estate tax and real estate transfer tax

Three models (still) in validation

- Based on property value
  - asset values (asset value factors),
  - comparison values (comparison factors),
  - income approach values (property yields)

- Without any influence of value
  - no valuation methods but factors fixed by municipality

- Particular influence of value
  - standard land values combined with factors fixed by municipality

All valuation factors by the Committees of Valuation Experts to tax offices
3. Profit and surplus assessment
(only by business property)

- Calculation of **partial value** based on the market value

- by asset value (asset value factors),

- by comparison values (comparison factors),

- by income approach values (property yields)

All valuation factors by the Committees of Valuation Experts to tax offices

Conclusion:

- Data of Official Committees of Valuation Experts are essential for ensuring fair taxation

- Same models by calculating and using parameters are necessary

- Following the guidelines for asset valuation, comparison method and income approach valuation should be required by law
  - if necessary -
One family house: 1+2

9-flat house: 1+2+3

Farmhouse: 1+2+3