

The Property Valuation and Taxation System in Russia

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Key words: property, real estate market, property taxation systems, cadastral valuation, fiscal sustainability, institutional changes

SUMMARY

Real estate or property - is the basis development of a market economy, so the attitude towards property determines not only the nature and content of relations between individual subjects, but in the end - the overall impact of economic (business) activity.

The actual and economic size of the property, first and foremost the real estate, is particularly affecting management decisions at the microeconomic level, as well as the development of the state socio-economic policy. Under the influence of various factors (both market and non-market) the value of the real estate changes and in its turn positively or negatively affects the whole economic situation. However, in practice there is a big contradiction between the state's pursuit that tend to maximize the value of the taxable property, and entrepreneurs who prefer to minimize fiscal costs of their business. When there are complexed social and economic problems, it is difficult to find a "the golden mean" between the interests of the state and entrepreneurs, so that both sides were satisfied with the adopted fiscal decisions.

Currently in Russia, as in many other countries with transition economy, there is formed a system of mass valuation of land and real estate for tax purposes. The system was constructed during about 25 years and underwent a difficult path that is connected with the development of the whole mechanism of market relations, which has both ups and downs in economic activity. Of course, the current system does not claim perfection, but its main advantage lies in the transparency and user-friendliness.

In the basis of valuation of land and other real estate is the cadastral value, which, by its significance is close to market value; however, the calculations show significant fluctuations in value when calculating the cost of the objects mainly due to the imperfections of the market

TS number – Session title

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Workshop on

Sustainable Real Estate Markets – Policy Framework and Necessary Reforms

Athens, Greece, 19 – 20 September 2016

relations. Because of that, Russia is carrying out the work on the creation of a special type of public services in the field of real estate valuation for tax purposes. It is possible that such services are quite in demand by the state, but there is a danger that they may destroy this far successfully functioning evaluation business.

The main task of the state is to create the necessary conditions for the success of all participants in economic relations. According to many sociological surveys, Russian entrepreneurs named a stable fiscal system as one of the most important conditions for the functioning of the business. In addition, the entrepreneurs are wishing that the state-owned enterprises did not have any special advantages, but worked on equal conditions with the rest of the business. For these purposes requires a number of institutional changes that could improve the current situation.