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Kathmandu, Nepal 14–16 November

REGIONAL CONFERENCE 2024

Climate Responsive Land Governance and Disaster Resilience: Safeguarding Land Rights



Presented at the FIG Regional Conference 2024,
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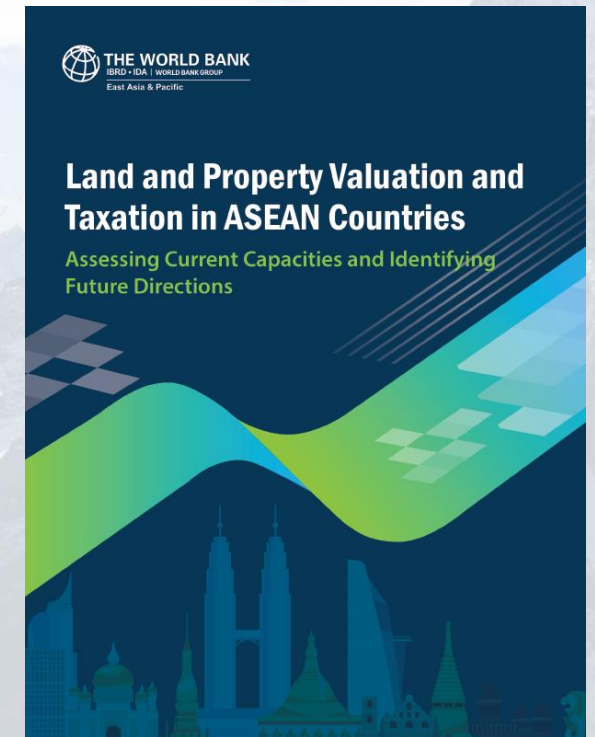
Land and Property Valuation: Findings and Recommendations from East Asia

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ASEAN Context

1



Rapid economic growth, urbanization, demographic shifts

2



Increasing demand for land, property, municipal services

3



Environmental pressures like climate change, rising sea levels

4



Need robust land administration, valuation, taxation systems



Scope of Regional Report

Real Estate Valuation

- Foundation of real estate markets
- Enables informed decision-making
- Supports mortgage lending, accounting
- Basis for land value capture

Land and Property Tax

- Funds sustainable urbanization
- Encourages efficient land use
- Provides stable local revenue
- Finances climate resilience efforts





Report Overview

- Report covers 7 ASEAN countries : upper-middle-income (Indonesia, Malaysia, Thailand) and lower-middle-income (Cambodia, Lao PDR, Philippines, Vietnam); and Korea
- High variation in social/economic conditions and land/tax regimes
- Korea and Malaysia lead with advanced and digitally-enabled systems; Cambodia and Lao PDR in earlier development stages
- Other countries show mixed progress, with ongoing transitions and capacity challenges
- Common issues identified: price under-reporting, manual valuations, revaluation difficulties; successful practices highlighted

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Main Findings

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Land Administration

- Foundation for effective valuation and taxation
- Many countries making progress on digital records
- But land administration systems remain fragmented (coverage, data sharing)
- Opportunity: Develop multi-purpose land information systems

- **Thailand** has made significant progress in land parcel registration
- All private land parcels with titles are fully digitized and in the cadastre
- **Indonesia** Ongoing efforts to digitize public lands under the OneMap project





Real Estate Taxes

- Numerous taxes, with annual property tax and transfer tax most common
- However, there is a big untapped potential—low proportion of GDP and total revenues
- Main challenges include:
 - Under-declaration of prices
 - Outdated valuations
 - Lack of transparency
 - Weak enforcement and need to incentivize compliance



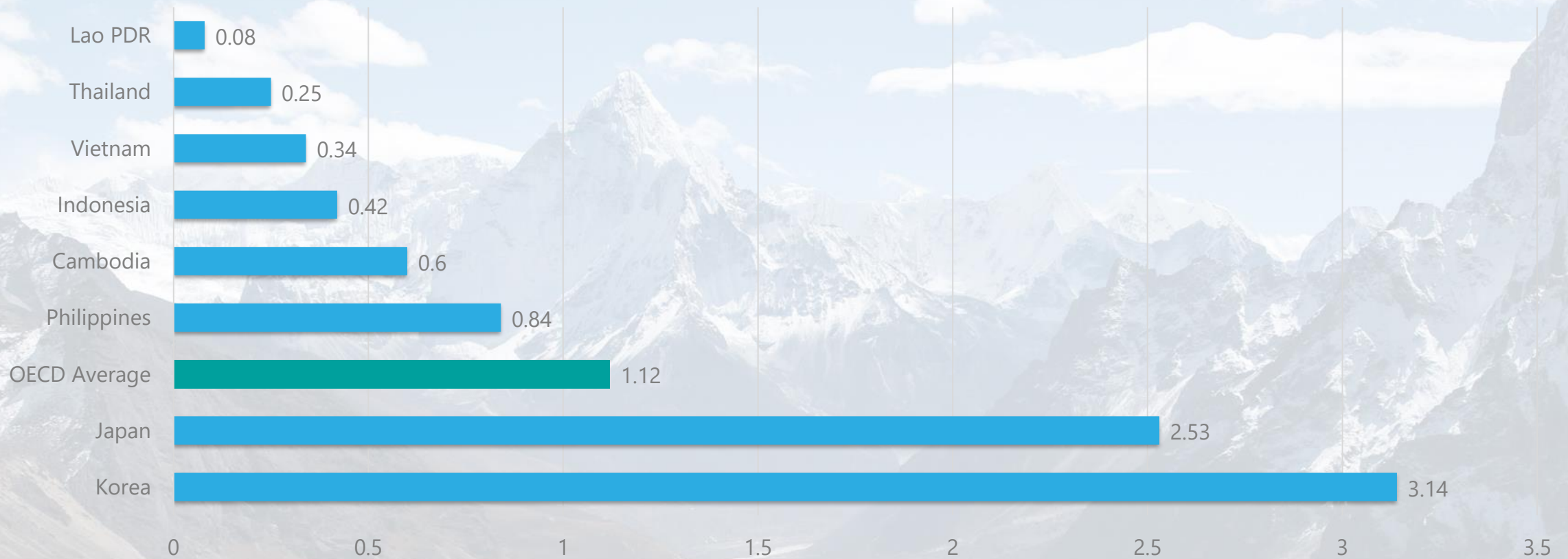


Transaction-based Property Taxes and Fees in the Studied Countries

Country	Taxes and Fees	Source of Revenue	Tax Rates
Cambodia	Property Transfer Tax Capital Gains Tax	National National	4% 20%
Indonesia	Acquisition Tax Property Transfer Tax Capital Gains Tax	Sub-national National National	5% 2.5% 2.5%
Korea	Stamp Tax Inheritance Tax Gift Tax Comprehensive Real Estate Holding Tax Capital Gains Tax Acquisition Tax Property Tax Local Resource and Facility Tax	National Local	 6-45%, but increasingly penal if gains in short term Generally, 1-4%
Lao PDR	Property Transfer Tax	National	Agricultural land – 1%; other land, land with buildings – 2%
Malaysia	Property Transfer Tax (Stamp Duty) Real Property Gains Tax	National National	First RM100,000 at 1%; Next RM400,000 at 2%; amount up to RM1m at 3%; over RM1 m at 4%. Within 3 years 30%; in fourth year 20%; in fifth year 15%; after fifth year 0%.
Philippines	Property Transfer Tax Capital Gains Tax Estates Tax Donor's Tax Documentary Stamp Tax	Sub-national National National National National	0.5% - provinces; 0.75% for cities 6% 6% 6% 1.5%
Thailand	Transfer Tax Stamp Duty Special Business Tax	Sub-national National Shared	2% 0.5% 3.3%
Vietnam	Registration Tax Income Tax on Sale	National National	0.5% 2%



Recurrent Property Tax as % of GDP





Property Tax Policy and Administration

- Tax base coverage inconsistent
- Rates often inflexible; some use of progressivity
- Exemptions used to protect key sectors like agriculture
- Room to broaden base, make rates more flexible
- Valuations are a major challenge
- Lacks frequent revaluations, quality data, capacity
- Trend toward decentralizing to local governments
- But central support critical for consistency and access to technology





Valuation Practices

- Market value standard, but often outdated
- Mainly manual, only Korea using mass appraisal extensively
- Frequent revaluations stymied by capacity
- Transition to mass appraisal key for efficiency
- **Korea** utilizes a highly advanced Automated Valuation Model (AVM) for annual property revaluations
- The system integrates extensive property characteristics data, market transaction data, and spatial data
- Statistical analysis is used to develop valuation models that are then applied to individual properties





Data for Valuation

- Data scattered across agencies
- Declaration requirements vary
- Some efforts to build transaction databases
- Tech solutions emerging, e.g. aerial imagery
- **Vietnam** is developing a Multi-Purpose Land Information System (MPLIS)
- MPLIS aims to integrate land data from various government agencies into a centralized database
- In the future, MPLIS could serve as a platform for sharing land and property data across government levels and agencies





International Standards

- Alignment growing in importance for market confidence
- Most have adopted/aligned with key standards (IVSC, IFRS)
- But capacity to fully implement still lacking
- Compliance requires qualified valuers, quality data
- Continuing Professional Development (CPD) requirements for valuers vary significantly across ASEAN
- Some countries like **Malaysia and Thailand** require substantive CPD hours annually for license renewal
- Others like **Cambodia and Lao PDR** have limited or no mandatory CPD requirements



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Recommendations

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Declaration of Real Estate Transactions

- Develop transparent transaction price databases
- Incentivize accurate declarations via tax policy
- Impose strict penalties for non-compliance
- Capture prices via integration with banking, notaries





Data and Information Technology

- Accelerate digitization of land records
- Integrate data across agencies via unique parcel IDs
- Develop multi-purpose land information systems
- Enable data sharing from local to central levels





Mass Appraisal

- Transition gradually to mass appraisal
- Secure political support, resources for transition
- Start with pilots, phased rollout based on readiness
- Leverage regional partnerships for knowledge sharing





Capacity Building

- Ensure compliance with international standards
- Boost capacity of valuation profession
- Strengthen academic programs, research
- Support professionalization via industry associations



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Thank You

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