

Experience of Foreign Countries in Real Estate Taxation

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Annotation: The article focuses on real estate tax benefits in all foreign countries, based on the fact that tax exemption for socially significant population and real estate is typical for almost all countries of the world. Also in recent years, tax reforms carried out by a number of developed foreign countries have been studied in order to increase the share of real estate tax in budget revenues and reduce the unfair distribution of the tax burden. Briefly, the article discusses the experience of foreign countries on the taxation of real estate, on the basis of which proposals and recommendations have been developed on the positive and problematic aspects of the application of real estate tax in the tax system of our country.

Keywords: Real estate tax, taxable base, tax benefits, cadastral value of property, non-taxable minimum, socially significant objects, property tax, land tax, increasing and decreasing coefficients, local budget, progressive tax.

Introduction.

Property tax, especially real estate taxes, has long been associated with individual purchases in all states. Therefore, one of the reasons why the land and property tax is considered as the most important and general administrative quality of the budget revenue is that your macro or macro rate does not result in giving up real estate.

Compared to other types of taxation objects (income, profit, economic operations), it is more difficult to hide property, it is not only an indicator of solvency, but also a potential source of income, and taxation of property encourages its more efficient use.

Today, real estate tax applies in more than 130 countries of the world. It was found that each of these countries has its own property tax system. Nevertheless, some principles of this tax system have been left unchanged and have been reflected in the legislation of most countries to one degree or another.

Property taxation in economically developed countries is carried out on the basis of real estate tax. In particular, real estate and net assets (wealth) are taxed as objects of ownership. Also, in developed foreign countries, various taxes (land and property tax, building or rent tax) are used to tax real estate.

In order for the state to fulfill its functions, it is necessary to create an effective tax system that can meet its financial needs. Since the budget system has several levels, each country has its own budget at the corresponding level. One of the principles of mutual relations between the central and local levels of state power is the principle of budget federalism. This means that local authorities must solve part of their tasks at the expense of their tax revenues, among which property tax occupies an important place.

Real estate tax in foreign countries has its own characteristics and is implemented by setting different property taxes. Adoption of tax collection mechanisms from developed countries is an

important task for the property taxation system, which is currently being reformed in our country.

Analysis of literature on the topic. Concepts of real estate taxation developed by modern foreign economists are presented in the scientific works of I.Drozhjina, D.Smirnov, H.Aliev, R.Margulis, E.Mikhina and E.Mikhaseva.

In particular, in the researches of I.Drozhjina, "as a supporter of establishing a single procedure for taxation of land and other immovable property, it was shown the need to distinguish real estate objects according to the property and the type of its use" [1].

According to D. Smirnov, "real estate objects depend on the status of the taxpayer" [2], according to Kh. Aliev, "their distinction should be made according to the purposes of use" [3].

Also, E. Mikhina says that "it is expedient to apply benefits taking into account the level of financial well-being depending on the categories of real estate taxpayers" [5], while E. Mikhaseva says "it is expedient to apply benefits to individual objects of real estate" [6].

Among the foreign economists, we can see the research on real estate taxation in the scientific works of the Uzbek economists A.Altiev, I.Niyazmetov, Sh.Musalimov and S.Boymurotov. It should be noted that the approaches to taxation of real estate in Uzbekistan proposed by our local economists, as well as the reforms carried out in this direction in the country, are based on the experience of foreign countries.

I. Niyazmetov should be singled out among the modern Uzbek economists studying the reforms in this field of taxation. His research leads to the conclusion that the development of the conceptual basis of real estate taxation was historically based on adding land and real estate objects to tax relations. The economist stated that "land and property taxes are the most ineffective taxes in the country, and the tax administration related to their calculation and collection is costing the state a lot. Therefore, by improving the mechanisms of property taxes in Uzbekistan, it is necessary to increase their effectiveness and fiscal importance.

For this purpose, he put forward the proposal that it is appropriate to unify the base of land and property taxes of legal entities and individuals and unite them into a single "real estate tax" [7]. Also, in his scientific works, based on foreign experiences, the ideas of introducing a non-taxable minimum for real estate were also included.

Research methodology. Statistical table and analytical comparison, logical and comparative analysis, grouping methods and research works of foreign and local scientists on the topic were widely used in this study.

Analysis and results. In order to implement real estate tax in Uzbekistan, the experience of developed foreign countries was analyzed.

In Great Britain, "residential and non-residential objects are taxed depending on the purpose of real estate use. In these taxes, the value of the taxable property is determined differently. Thus, the tax base for non-residential objects is calculated from the rental value of real estate, and for residential objects from its cadastral value" [24]. "And in Ireland, property tax applies to both commercial and residential property.

Taxation of commercial real estate is based on the nominal value of the occupied area, and for residential real estate is based on information on the market value of real estate" [26]. Privileges are also given to real estate owned by local authorities, unrealized, ownerless, under construction, intended for the disabled, as well as used by international and charitable organizations.

As in Uzbekistan, in most developed foreign countries, the cadastral value of real estate is the basis for determining the tax base. Also, foreign countries have different approaches to determining the taxable base. In developed foreign countries, real estate tax is determined on the basis of the sale price of real estate objects, the amount of income from renting real estate (rental

income), as well as other characteristics specific to these objects that directly affect the amount of expected income or capital growth.

It is noted that in Belgium and Italy, "the tax base is established on the basis of income from real estate. The tax base for real estate objects located in and outside the territory of these states is determined based on approaches. The property tax base in Belgium is determined by the tax authorities as the rental value of these properties. If the taxable real estate is located outside the country, the taxable base is calculated based on the value determined as the sum of the estimated rental value and the actual rental income" [29].

In Italy, "real estate is taxed on the basis of estimated income at revaluation. As a result, two categories of real estate - residential and non-residential - are multiplied by the coefficient of real estate goals. Immovable property located outside Italy is taxed based on the value established (market value) in the country where the property is located" [18].

In Sweden, "separate rates are established for real estate objects used for industrial and commercial purposes, as well as for rented apartments" [12]. In Poland, "the tax rate depends on the type of taxable real estate and the purpose of its use. The maximum rate of real estate tax for land plots used for commercial purposes is 0.9 per square meter, for other land plots - 0.47, for residential buildings - 0.75, for buildings used for commercial purposes. - 23.13, for other buildings - 7.77 Polish zlotys" [16].

Local legislators are usually given the right to change (decrease or increase) the tax rate within the limits established by law. For example, in Ireland "at the local authority level, the general rate of tax may be changed by an amount not exceeding 15%" [26]. Also, "in Germany, Poland, Austria, Luxembourg and Italy, the tax rate value is changed by applying certain coefficients at the local level." For example, in Germany, "the basic tax rate for real estate tax will be increased to 0.35%" [26].

In Portugal, "special adjustment coefficients are used that allow to reduce the average price of the building, as well as the taxable value based on the area, type, quality, age, location, from 80% to 90% of the market value" [25]. In Luxembourg, "real estate tax is reduced to 5% to 10% of the market value of taxable objects" [30].

In Hungary, "if land tax is levied based on the value of the land plot, the taxable base is calculated from the value equal to 50% of the market value of the relevant land plot" [29]. In France, "taxable value for privately owned or forestry land is set at 80% of the rental value of this land, 50% for other real estate" [14]. In Norway, "city real estate taxes are collected from 20% to 50% of the real estate's sold value" [17].

As a result of the reforms, the number of taxable persons in Ireland has increased. At the same time, in order to overcome problems related to the lack of financial resources for taxpayers to pay their tax obligations, the Irish legislation provided for the possibility of providing tax deferment. In particular, tax payers whose gross income in a year is below the specified amount can be deferred until their financial situation improves.

Longer periods of tax deferment are established for taxpayers who took out a mortgage loan during the period of rising prices in the real estate market. Also, "deferral of tax payment can be granted to the representative of the deceased taxpayer, if his property has not been sold or the right to it has not been transferred within 3 years after the death of the taxpayer. It should be remembered that in Ireland, in relation to the amount of delayed tax payments for one year, an additional tax is paid in the amount of 4% of the estimated tax amount" [26].

In recent years, a number of developed foreign countries have implemented tax reforms in order to increase the share of real estate tax in budget revenues and reduce the unfair distribution of the tax burden. Reforms aimed at improving real estate taxation in some foreign countries are presented.

At the same time, as a result of the reforms, the range of taxpayers has been expanded by reducing the scope of benefits, a differentiated system of tax rates has been established, and various opportunities for paying taxes have been given, taking into account the financial status of taxpayers. It should be noted that the lack of sufficient information about the real value of real estate between countries, the differences in approaches to reducing the negative consequences of taxation, are related to the directions of the tax policy carried out in these countries.

Conclusions and suggestions. The analysis of the experience of foreign countries in real estate taxation showed that in some countries land and other real estate objects are taxed separately, despite differences or similarities in terms of this tax. At the same time, the main criterion for determining the procedure for taxation of real estate is to distinguish real estate according to the types of actual use.

Usually, certain types of non-residential real estate, in particular infrastructure and socially important objects, are exempt from taxation. Reducing the burden on certain categories of the population in need of protection by the state is carried out by setting tax obligations at the lowest level, taking into account the actual solvency of the taxpayer. In addition, the laws of foreign countries often provide for the establishment of a minimum threshold value of non-taxable residential real estate.

The establishment of a differentiated tax rate contributes to a more equitable distribution of the tax burden. Generally, the tax rate for non-residential properties is higher than the rates for residential properties. In addition, the use of a differentiated tax rate helps to use real estate more effectively and creates an opportunity to get additional income for the budget in real estate taxation. Some foreign countries apply different tax rates depending on the value of the taxable real estate.

In most developed foreign countries, the estimated cadastral value of real estate serves as the basis for calculating the tax base. It should be noted that the cadastral (market) value of real estate, which requires maintaining the obtained results to date, is determined as a result of real estate evaluation. However, due to the lack of financial resources, the revaluation of this value within the specified time frame for the purpose of updating the information required for taxation cannot be carried out. Failure to do so will result in significant differences between the assessed and actual value of the property.

Therefore, in order to prevent the reduction of real estate tax revenues to the budget, real estate value indexation is usually implemented. But revaluation of real estate for tax purposes leads to certain difficulties. The negative consequences resulting from the decrease in the efficiency of the tax administration and the uneven distribution of the tax burden are actually mitigated by taxation based on a certain percentage of the real estate value.

The analysis of the foreign experience in the taxation of real estate objects on the example of the considered foreign countries makes it possible to make the following proposals and recommendations necessary for their application in Uzbekistan:

- introduction of joint taxation of land plot and building, as a result, differentiation of tax obligations in case of land plot lease;
- creating a single cadastral account of land plots and buildings;
- using the estimated value of the property, calculated on the basis of information on operations in a certain period before the tax year, as a taxable base, recalculating it after a certain time (determined based on the change in the value of the taxable objects) or using conversion factors;
- calculation of the estimated value using existing methods (price, income and comparison), taking into account the physical and functional wear and tear in the state of the property (private-economic);
- the possibility of giving a tax credit - changing the terms of payment of the tax liability;

- to create a possibility to make a private or collective appeal at the expense of the interested person on the results of the assessment.

To conclude, the implementation of the above-mentioned measures in our country will increase the source of income of local budgets and help to improve the system of cadastral registration of real estate objects (land plots and buildings). The results of the analysis of the experience of foreign countries in real estate taxation can be used in the development and improvement of real estate taxation in the tax system of our country.

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