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НАЛОГИ НА НЕДВИЖИМОСТЬ В СТРАНАХ ЕВРОСОЮЗА: ТЕОРЕТИЧЕСКИЕ И ПРАКТИЧЕСКИЕ АСПЕКТЫ

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Учитывая возрастающее значение налогообложения недвижимости в странах ЕС, представляется необходимым описать сущность налогов на имущество в теории налогообложения и показать их роль в экономике. В статье исследуется роль налогов на недвижимость. Статья построена следующим образом. В первой части рассматриваются экономические и социальные последствия налогообложения недвижимости. Во второй части приведено описание систем налогообложения в странах ЕС, при этом рассматривая доходы от налогов на имущество, автор уделяет особое внимание налогам на недвижимость. Проведенный анализ позволяет сделать ряд общих выводов в отношении политики налогообложения недвижимой собственности.

Ключевые слова: налоги на имущество; периодические налоги на недвижимое имущество; системы, основанные на стоимости недвижимости, определенной в кадастре объектов недвижимости; системы, основанные на зоне размещения недвижимости; налог с указанной цены, адвалорный налог; местные налоги.

TAXES ON REAL ESTATES IN THE EUROPEAN UNION COUNTRIES – THE THEORETICAL AND PRACTICAL CONSIDERATIONS

FELIS PAWEL*Warsaw School of Economics***ABSTRACT**

The growing significance of the real estate taxation in Europe creates the need for presentation of property taxes in economy and taxation theory. In this article an attempt is made to analyze the role of real estate taxes. Here is an outline of this article. In the first part attention is paid to the economic and social consequences of the real estate taxation. In the second part, real estate taxation systems in the European Union countries are described and the incomes from property taxes are presented with special regard to real estate taxes. The analysis allows to draw a few general conclusions relating the immovable property taxation policy.

Keywords: Taxes on property; Recurrent taxes on immovable property; systems based on the real estate value defined in the real estate cadastre; systems based on the real estate area; tax ad valorem; local taxes.

INTRODUCTION

The scientific achievements in the area of taxes on real estates is dominated by American writing, supplemented, to a certain degree, by German and Canadian literature. Modern theoretical literature describing the economic effects of real estates taxation can be divided into three groups¹. The first one (the so-called traditional perspective) assumes that the exclusive consequences of taxation on land are borne by the land owners

or lessees². This results from the assumption of the unvarying — in opposition to other forms of capital — supply of land. The second one (the so-called new perspective) takes an attitude that the results of the taxation on land are roughly similar to the results of the general taxation on the total resources of capital³. The third one (the so-called perspective of profits) suggests that taxes on real

¹ D.L. Cameron, Property Taxes, in: The Economics of Public and Tax Law, Edward Elgar, Cheltenham 2000.

² D. Netzer, Economics of the Property Tax, The Brookings Institution, Washington 1996.

³ P. Mieszkowski, The Property Tax: An Excise or Profits Tax, «Journal of Public Economics» 1972, no.1; H.J. Aaron, Who Pays the Property Tax? A New View, The Brookings Institution, Washington 1975.

estates should be considered to be effective fees for local public services⁴. It is worth emphasizing that many conclusions resulting from these theories describing the consequences of imposing taxes on real estates are contradictory with each other. What is more, empirical studies carried out in order to verify those theories do not provide a reliable evidence of their legitimacy. This, however, does not mean that modeling of real estate taxes within the traditional, new or profits perspective, should be indifferent for the tax practice. Therefore, specific models of taxation on real estates should be developed and deepened. An especially valuable attitude seems to be the one which acknowledges that examination of the issues associated with taxation on real estates is tightly connected with the examinations in the area of public benefits. Because every analysis of the general balance in the area of taxation on immovable property must refer to public goods delivered with the use of the real estate taxation system.

I believe that the issue of tax burdens imposed on the tax-payer's property in a near future in Europe will be the subject of utmost interest for the tax theory and practice. This view is supported by a so far relatively low fiscal efficiency and the guidelines of the taxation theory relating transformations of the taxation system structure. According to this logic, improvement of the taxation system structure comes down to the transfer of tax burdens from payments which more deform economic decisions (e.g. taxes on income derived from the employment and on income derived from capital in the form of taxation on enterprises' profits) to other taxes (e.g. taxes on consumption, recurrent taxes on immovable property), ensuring not only an efficient source of financing public needs but also allowing for a stable development of the real sphere. Obviously, we cannot forget about the layers of the market mechanism disturbances caused by taxes on property, indicated in the article. However, it is also worth emphasizing that levies on property are indicated in the literature describing tax reform to be examples of burdens affecting relatively least the gross national product⁵. Therefore, it is worth to look closer

at the solutions applied in the area of property taxes structure, which contain certain reserves.

CHARACTERISTICS AND THE CONSEQUENCES OF TAXES ON REAL ESTATES

When we speak about taxes on real estates — fixed taxes on real estates and taxes on real estate transaction should be treated separately. The former, in general, have a form of the annual fees payable by the real estate owner or user. The amount of the tax liability depends on the accepted measure of the real estate value, determined as on a specific date and updated from time to time. Transaction taxes, in turn, are assessed in the moment of sale of a real estate or other transfer of the ownership title.

In this text we shall limit ourselves to a presentation of the economic and social consequences of taxation on the former, that is, a static approach — taxation on the real estate held. There is no question that application of taxes on property leads to various deformations⁶ (e.g. in the process of selection by the entrepreneur of the type of the assets, decisions made in relation to the choice made between the current or future consumption). However, it is difficult to evaluate unambiguously the influence of fixed taxes on real estates on the economic decisions. This depends on the structure of the immovable property (land, buildings). First of all, let us point to the mobility of the production factors and flexibility of the supply and demand of the taxable factor. This concerns for example land the resources of which are limited and this causes creation of land rents. As a result, taxation on land, in the part relating its value, burdens the rent. Therefore, the system of fixed taxes on real estates results in a lower influence on the production decisions taken by the entrepreneurs than the taxes on transactions.

When considering the ethical and moral prerequisites of property taxes one should emphasize that it is in the case of regular taxes on real estates that the postulate of tax justice is implemented more

⁴ B.W. Hamilton, Zoning and Property Taxation in a System of Local Governments, «Urban Studies» 1975, no.12.

⁵ See, among others, in: Zob. m. in. w: J. Arnold Do Tax Structures Affect Aggregate Economic Growth?: Empirical Evidence from a Panel of OECD countries, OECD Economics Department Working Papers, No. 643, OECD Publishing, 2008; A. Johansson et al. Tax and Economic

Growth, OECD Economics Department Working Papers, No. 620, OECD Publishing, 2008; J. Arnold et al. Tax Policy for economic recovery and growth, The Economic Journal, 121 (February), pp. 59–80, 2011; in: Taxation trends in the European Union, 2012 edition.

⁶ See in: F. Grądalski, System podatkowy w świetle teorii optymalnego opodatkowania, SGH, Warszawa 2006; P. Felis, Elementy teorii i praktyki podatków majątkowych. Poszukiwanie ładu w opodatkowaniu nieruchomości w Polsce z perspektywy przedsiębiorców oraz jednostek samorządu terytorialnego, SGH, Warszawa 2012.

advantageously for tax-payers. A condition for the fulfillment of the justice standards in the area of property taxation is, among others, acceptance of such taxable amount due to which it will be possible to attain a correspondence between the tax burden amount and the degree of the real ability to pay the tax. The taxable amount in the case of tax on real estate can be expressed quantitatively (based on specific external features, e.g. real estate area according to the register of land and buildings) or expressed in value (based on the accepted manner of defining the value in trade).

Both the doctrine and the practice in a majority of the European countries indicate that in the market economy usually there is a direct relation between the value of the property accumulated by the tax-payer and the income obtained by the tax-payer which defines his/her payment ability. The value basis, in contradiction to the «area» basis, enables to take into account many objective factors which affect the tax amount, e.g. economic development in a specific region, specific attributes of the real estate (age, destination, manner of use, degree of wear, technical condition, installations)⁷. However, from the point of view of the requirements concerning the principle of justice in taxation based on the real estate value it is important: to introduce a complete and coherent cadastre system, fair assessment of the real estate value, and next, proper management and administration of the cadastre system. It should be expected that negligence in this area — among others: lack or rare updating of the real estate value assessment decidedly limits not only the perspective of justice but also the efficiency of the tax *ad valorem*.

Apart from the above description of real estates taxes we cannot omit their meaning for the stability of the public finances system. A feature of the regular taxes on real estates — obviously, assuming that these are taxes on the value and not on the quantity — is the fact that they are highly foreseeable. Namely, taxes burdening the immovable property belonging to tax-payers have a certain immanent feature — a rigid character of reaction of the receipts to market prosperity. The real estate value assessed and recorded in the cadastre register has a natural resistance to flexible automatic adjustment to market situation changes. High level of the

budget receipts stability facilitates budget planning. This has also a particular significance for the investment activity and rationalization of the financial economy of the local government sector. In the light of the considerations relating the rationalization process of local finances, it is difficult not to notice that the surety of achieving budget goals is obvious, due to the possibility to obtain advantageous terms of financing on the capital markets. However, it is not possible not to notice a certain cyclicity of this type of levies (e.g. a tendency to increase tax burdens in the phase of price decrease), caused by the lack of immediate and complete updating of the real estate assessment.

THE ROLE OF THE REAL ESTATES TAXES

In well developed countries, local government implements many public tasks. Thus, it is necessary to take into account local taxes as the sources of their financing. Tax on real estate is a tax with very desirable features which should characterize local taxes (among others, effectiveness adequate to the implemented tasks, uniform spatial arrangement of the tax base; tax «visibility»; generality of tax burdens⁸).

So, let us try to reply to the question what and in what circumstances can be expected from the tax on real estate. In practice, it is the task of the tax policy — besides ensuring the funds necessary for financing the processes of generation of public goods — also to guarantee the possibility to influence social and economic processes. However, it seems that the expectations towards property taxes must not be too high and also, specific features of the functions of property taxes should be taken into account. Real estate taxes are classified as benefits in kind, which means that the object of taxation is attributed a special meaning. From their construction it follows that the application of the proper tax and its amount depends not on the personal features of the tax-payer but on the type of the real estate. Therefore, conscious setting of redistribution goals for taxes raises serious doubts concerning, for example, acceptance of a correct basis for the distribution of the tax burdens. Thus, should not property taxes be used for carrying out social and economic policy? There is no doubt that the scope of the state's interference into market processes

⁷ K. Wójtowicz System opodatkowania nieruchomości w Polsce, UMCS, Lublin 2007.

⁸ P. Swianiewicz Finanse lokalne, teoria i praktyka, Municipium, Warszawa 2004, pp. 43–46.

most frequently raises controversies. There are, however, areas in which active participation of the state is justified. After all, it is the state which should have the obligation to generate and provide public goods (external and internal security, justice, environment protection). Thus, the policy relating property taxes should include postulates of effective use of real estates, shaping of rational city spatial structure and ecology oriented tax solutions. An essential issue which should be taken into account when considering the extra-fiscal functions of the property taxation system is exactly the regard for the real estate management. For example, Poland's entry into EU structures revealed negligence in real estate management, both on urban and rural areas. Urban areas in Poland are very diversified, and frequently their spatial structure is decidedly different from the building development in cities in other European countries. Frequently in the prestigious city districts there are allotment gardens or railway sidings. Whereas, a characteristic feature of the building development of the central parts of cities in Western Europe is the predominance of real estates associated with the financial, commercial, and service activity, and family buildings. Therefore, it seems necessary to create tax and legal conditions which would influence advantageously the real estate market in order to improve the spatial structure of the Polish cities and farms.

Similarly, environment protection and securing its long term development through a rational use of resources, require state's regulations and interference. In scientific discussions it is postulated that the pro-ecological policy of the state should make more use of strictly financial solutions, the more so since — as it is argued by J. Głuchowski — exactly taxes turned out to be one of the most effective tools to influence environment protection⁹. The essence of the problem faced by the local government authority, when using the social function of the property taxes to support environment protection, comes down to the choice of the instruments for the factual protection of the natural environment. It is obvious that in the case of taxation on the property accumulated in the past it is not possible to internalize the costs of use of the environment nor to define which entities should bear such costs.

I think that a proposal deserving examination would be the solutions whose main function is to create incentives to change the behaviour of the entities (privileges for the implementation of technologies favouring natural environment or for such use of real estates which is beneficial for the natural environment, e.g. buildings for water purification and treatment, devices to be used for the production of natural energy sources). However, there are justified doubts whether such solutions will indeed turn out sufficient for the entities conducting business activity for environment friendly behaviour and more effective use of natural environment resources. On one side, the relationship between taxes and environment protection is important, on the other, the scale in which property taxes burden is felt (the scale of tax savings related to the use of a solution addressed to a tax-payer). Thus, the property taxes alone will not be effective tools of implementation of the environment protection functions because the relationship between the taxable amount and the environment wear is weak. In turn, tax preferences can be ascribed — due to their selective character — not more than an average significance, obviously under the condition of measurable financial effects for the interested parties. Let us emphasize that the concept of use of property taxes for the implementation of ecological goals constitutes only a part of the ecology oriented tax system¹⁰. Nevertheless, activities in this direction mean a possibility of a rational adjustment of public and private interests (factual fulfillment of social functions), and besides, they constitute a stimulus for a serious discussion on the ecology oriented tax system.

GENERAL CHARACTERISTICS OF REAL ESTATE TAXATION SYSTEMS IN THE EUROPEAN UNION MEMBER STATES

A characteristic feature of the European real estate taxation systems is their considerable diversity. The problems of property taxes is not covered by the EU harmonized directives. It is also difficult to indicate international standards defining the basic principles of construction of taxes on real estates. In general, real estate taxation systems in the European countries can be divided into two groups:

⁹ J. Głuchowski *Podatki ekologiczne*, Dom Wydawniczy ABC, Warszawa 2002, p. 177.

¹⁰ Such approach to this issue is, obviously, simplified since reference is made only partly to the theoretical foundations of the ecology oriented tax system. We should notice that the basic assumption of the ecology tax is taxation of external effects and not of goods.

Table 1

**Fiscal significance of the property taxes (including recurrent real estate taxes)
in EU countries in the period 1995–2010 (% GNP)**

Country	1995	2000	2005	2010
Austria	0,6	0,6	0,5	0,5
	0,3	0,2	0,2	0,2
Belgium	2,4	2,8	3,1	3,1
	1,2	1,2	1,2	1,3
Bulgaria	0,3	0,2	0,4	0,5
	0,1	0,1	0,1	0,3
Cyprus	0,6	1,5	1,9	1,0
	0,3	0,4	0,6	0,6
Czech Republic	0,5	0,5	0,4	0,4
	0,2	0,2	0,2	0,2
Denmark	1,7	1,6	1,9	1,9
	1,0	1,0	1,1	1,4
Estonia	0,4	0,4	0,3	0,4
	0,4	0,4	0,3	0,4
Finland	1,0	1,1	1,2	1,2
	0,5	0,4	0,5	0,6
France	2,6	2,9	3,3	3,4
	1,8	1,9	2,1	2,3
Greece	1,2	2,0	1,2	0,9
	0,2	0,2	0,1	0,3
Spain	1,8	2,2	3,1	2,1
	0,6	0,7	0,7	1,0
Holland	1,5	2,0	1,9	1,3
	0,6	0,6	0,7	0,5
Ireland	1,5	1,7	2,4	1,6
	0,8	0,6	0,6	0,9
Lithuania	0,7	0,7	0,4	0,5
	0,3	0,5	0,3	0,4
Luxembourg	1,4	1,9	1,4	1,1
	0,1	0,1	0,1	0,1
Latvia	1,0	0,9	0,7	0,9
	1,0	0,9	0,7	0,8
Malta	1,0	0,8	1,6	1,1
	0	0	0	0
Germany	0,9	0,9	0,9	0,8
	0,6	0,5	0,5	0,5
Poland	1,1	1,1	1,3	1,2
	1,0	1,1	1,3	1,2
Portugal	1,1	1,2	1,3	1,2
	0,4	0,4	0,5	0,6
Romania	0,3	0,7	0,7	0,9
	0,3	0,5	0,5	0,7
Slovakia	0,5	0,6	0,5	0,4
	0,4	0,5	0,5	0,4
Slovenia	0,6	0,6	0,6	0,6
	0,4	0,4	0,4	0,5

Country	1995	2000	2005	2010
Sweden	1,3	1,7	1,4	1,1
	0,8	1,0	0,9	0,8
Hungary	0,5	0,7	0,8	1,1
	0,1	0,2	0,2	0,3
United Kingdom	3,4	4,2	4,3	4,2
	3,0	3,1	3,3	3,4
Italy	2,0	1,9	1,8	1,9
	0,8	0,8	0,8	0,6
EU-27	1,2	1,4	1,5	1,3
	0,6	0,7	0,7	0,7

In each country the following elements were taken into account respectively: total property taxes and recurrent real estates taxes

Source: own elaboration based on Taxation trends in the European Union, 2012 edition.

systems based on the real estate value defined in the real estate cadastre and systems based on the real estate area.

In a majority of EU countries, cadastre systems of real estate taxation, based on the capital value prevail (on the most probable price which could be obtained for the real estate during sale on a free market) or based on the rent (the highest obtainable annual rent for lease of the real estate under ordinary market conditions). An analysis of the value-based systems indicates that in spite of a basic common feature — the tax amount based on the data recorded in the cadastre registers, in various EU countries those systems are substantially different as far as the levy construction is concerned (among others, the subject of taxation — the manner of taxation of agricultural and forest real estates, types of tax privileges; the methods of determining the taxable amount, the tax rates, division of rights relating shaping of specific construction elements of the real estate tax). Apart from the value-based systems, characteristic for EU countries, area-based taxation systems are applied — exclusively in a few countries of Central and Eastern Europe. In some countries there are also mixed systems which have characteristic features for the two basic forms of taxation on real estates.

FISCAL MEANING OF TAXES ON REAL ESTATES IN EU COUNTRIES

A common denominator for a majority of EU countries in reference to the fiscal meaning of property taxes is their relatively low share (measured by the share of property taxes in the gross national product and their share in the total tax income). In EU countries, public receipts from

property taxes during the examined period, on the average constituted less than 1,4% of GNP (Table1). There are considerable differences between specific member states both relating the scope of property taxation and the structure of incomes according to the property tax type. One should emphasize that huge diversification of property taxation is not only between the old and new EU members, but also between the states in which there are cadastre systems of immovable property taxation. One should consider the following, first of all, to be the essential cause for the considerable diversification of the consequences having fiscal character, in the case of fixed real estate taxes: the accepted manner of determining the so-called tax value of a real estate, frequency of its updating and the accepted rates. For example, in 2010 the receipts from the property taxes in countries with the lowest coefficient (Czech Republic, Estonia, Slovakia, 0,4%) was over ten times lower than in the country with the highest coefficient (United Kingdom, 4,2% GNP). It deserves mentioning that the receipts from the property taxes show a low correlation with the total tax burdens. It can be relatively low in countries with the total taxation level above the EU average value (e.g. in Austria, Germany), however, also high with the moderate share of taxes in GNP (e.g. in Spain, United Kingdom)¹¹.

In the period 1995–2010 there was a stabilization trend of the coefficient reflecting the share of recurrent real estate taxes in GNP, the average taxation level in this area for 27 EU countries was 0,7% GNP. In the so-called old member states, where exclusively cadastre systems are applied,

¹¹ Taxation trends in the European Union, 2012 edition

Table 2

Share of the property taxes in tax receipts in EU countries in the period 1995–2010 (%)

Country	Years			
	1995	2000	2005	2010
Austria	1,4	1,3	1,3	1,2
Belgium	5,5	6,3	6,9	7,1
Bulgaria	0,8	0,8	1,3	1,9
Cyprus	2,3	5,0	5,3	2,7
Czech Republic	1,5	1,5	1,2	1,3
Denmark	3,5	3,2	3,7	4,0
Estonia	1,0	1,3	0,9	1,0
Finland	2,2	2,4	2,7	2,7
France	6,2	6,6	7,5	8,1
Greece	4,1	5,8	3,8	2,8
Spain	5,7	6,5	8,7	6,7
Holland	3,8	4,9	5,1	3,3
Ireland	4,7	5,5	7,8	5,6
Lithuania	2,6	2,4	1,5	2,0
Luxembourg	3,7	4,9	3,7	2,9
Latvia	3,0	3,2	2,3	3,1
Malta	3,8	2,8	4,8	3,2
Germany	2,2	2,1	2,3	2,2
Poland	2,8	3,5	4,0	3,7
Portugal	3,6	4,0	4,0	3,9
Romania	1,0	2,2	2,5	3,1
Slovakia	1,3	1,7	1,6	1,5
Slovenia	1,4	1,7	1,5	1,6
Sweden	2,8	3,4	2,9	2,3
Hungary	1,2	1,7	2,2	3,0
United Kingdom	9,9	11,5	11,9	11,9
Italy	4,9	4,6	4,6	4,4
EU-27	3,2	3,7	3,9	3,6

Source: ibidem

the share coefficient of regular real estates taxes in GNP were, however, in general higher than the average EU value. Taking into account data for the year 2010, countries with systems based on the real estate value defined in the real estate cadastre can be divided into a few groups. The first group, in which the significance of recurrent real estates taxes is small (up to 0,5% GNP), includes among others: Austria, the Netherlands, Luxembourg, Germany. Small significance of the real estate tax in GNP redistribution results from the fact that the tax value of real estates differs much from their market value. A majority of the states can be classified to the group with average significance of the real estate tax (up to

1,5% GNP). Among the member states we can name only two states which have a relatively high coefficient of share of the real estate tax in GNP (above 2%). These are: United Kingdom (3,4%) and France (2,3%). The amount of this coefficient can be explained by detailed solutions accepted in these two countries. Namely, in the real estate taxation systems in France and United Kingdom (only in reference to the non-residential real estates “Non-Domestic Rate”) the rent value of the real estates is accepted to be the taxable amount. Moreover, in both countries the nominal tax rates are considerable.

The small fiscal significance of the property taxes, except for few exceptions, is also confirmed by their

share in the total taxes amount. Also in this area there is much diversity — the share of the property taxes in the total tax receipts in 2010 ranged from 1% (Estonia) to as much as 11,9% (United Kingdom). In majority of cases, the marginal significance of the property taxes in the total tax receipts causes that the tax potential of local governments is decidedly lower than the tax potential of the central government. Only in three countries — Belgium, France and United Kingdom real estates taxes have a high share of nearly 10-percent or even higher. In the countries in which there is an area-based real estate taxation system — apart from Poland — there is low or negligible (below 2,0%) relation between the income from property taxes and the total taxes.

CONCLUSIONS

Among the European real estate taxation models — taking into account, first of all, the manner of the real estate registration and the construction of the taxable amount — there are two basic groups: cadastre (value-based) systems and area-based systems. We should also note the lack of international standards defining the general principles of real estate taxes. In a majority of the European countries there are cadastre systems of real estate taxation. In those countries data for tax purposes are accumulated in real estate cadastres which have been in existence for a long time now.

International experience related with tax ad valorem confirms that from the point of view of justice and effectiveness, in this tax formula the goals and tasks ascribed to the real estate taxation system are implemented decidedly better than in the case of the area-based formula. An analysis of the value-based taxation systems allows to indicate their advantages and disadvantages. Namely, taxes based on value, in contradiction to taxes based on the area are: more just (due to: the possibility to take into account the wear of the buildings, their installations, location, and in the case of land — land class) and effective (due to: more possibility to influence the rational transformations of the city spatial structure, and also effective use of a real estate; more advantageous influencing the local government's finances). The defects of the value-based systems first of all are as follows: higher costs related with such systems for the fiscal authorities and tax-payers (arrangement of the real estate register; general assessment of real

estates value, later value updating; educational and promotional campaigns aimed at convincing tax-payers; increase of tax burdens for some tax-payers), more complicated calculation procedures, issues of social justice (punishing the improvement of the real estate condition and awarding its deterioration by imposing of a lower tax). However, it should be emphasized that they should not undermine the view considering them to be rational systems because of more chance — than in the case of area-based taxes — to increase the financial potential of the local government and to stimulate market mechanisms in real estate trade.

Taxes on real estates are the most frequent local taxes in EU countries. They are imposed by self governments on the local and regional levels. However, value-based systems in particular European countries are diversified, first of all with regard to specific tax construction elements. Real estate taxes tax-payers can be not only real estate owners but also real estate users. As far as the subject of taxation is concerned, there are solutions with one tax construction with a wide subject scope and separate levies burdening selected types of property. In the cadastre systems, the taxable amount is accepted to be the capital value and the annual rent value of the real estate. In some countries, however, there is a problem of reliable assessment of the real estate value due to rare real estate value updating. A characteristic feature is also a very diversified catalogue of tax preferences (exemptions and relieves having subjective and objective character). Also it is characteristic that tax rates are diversified (depending on the type, destination and location of a real estate). Usually, local government units enjoy a certain freedom in defining the tax rate which, however, has to be within the maximum rate statutory limits.

In reference to the data concerning the role of the real estate taxes in EU countries, presented and analyzed in this article, we can say that fiscal significance of the tax on real estate is higher in the case of the cadastre systems. Tax burdens in the states in which the tax is based on the value are decidedly higher than in the area-based systems. It should be also added that also in countries in which real estate tax rate is based on the data contained in cadastre registers the tax potential is diversified which is influenced by the detailed solutions accepted in specific European countries.