



# **Improvement of local property tax administration**

**- progress report –**  
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# Participating Associations

- Standing Conference of Towns and Municipalities, Serbia (leading association)
- Association of municipalities in Romania
- Bulgarian National Association of Municipalities and Towns
- Association of the municipalities and cities of Bosnia and Hercegovina
- Association of Kosovo municipalities
- Association of the Units of the Local Self-Government of the Republic of Macedonia
- National League of Associations of Mayors from Moldova
- Union of municipalities of Montenegro



# Planned outputs

1. Country reports on local property tax administration
2. Practical methods of property tax administration techniques
3. Proposals on capacity development in the participating countries



# Achievements

- Terms of Reference prepared
- Country experts nominated
- Launching Workshop held
- Outlines of the country reports prepared
- First reports from Bosnia and Herzegovina, Montenegro and Macedonia have been prepared
- Contract with GTZ signed – 5<sup>th</sup> May 2008
- Contracts with associations prepared



# Proposed structure of country reports

- I. Significance of local property taxes
- II. Overview and problem mapping
  - 1. Basic features
  - 2. Property identification
  - 3. Tax collection and enforcement
  - 4. Tax administration and staffing
- III. Government policies
- IV. International programmes
- V. Case studies
- VI. Proposals on capacity development



# I. Significance of local property taxes

1. Role and weight in financing local budgets
2. Relations with the transfers: incentives for collection, equalisation schemes
3. How they fit into the national tax system: tax burden, deductibility

## II. 1. Basic features

1. What is taxed (tax base)?
  - land, building – area, value
  - transaction, inheritance, gift
  - residential, business units
2. Who is the taxpayer: owner, user?
3. Who sets the tax rate and how?
4. Local autonomy in defining exemptions

## 2. Property identification

1. Local identification ↔ national systems
2. Information available on various types of assets: location, description, rent, price
3. Valuation methods:
  - self declaration or external assessment
  - sale/comparison; discounted rent/income; construction cost; correction factors
  - re-evaluation period

# 3. Tax collection

1. Tax collection authority: local or central
2. Frequency, methods of payment
3. Appealing: procedure; number; significance
4. Accounting tax revenues, connection to fiscal information system
5. Taxpayer information, “education”

# 4. Tax administration

1. Legal status
2. Cooperation with other administrative units; between municipalities
3. Organisation structure and capacity
4. Staff: job description, costs ↔ cases
5. Institutional, personal incentives
6. Managing arrears, delinquencies: information, courts, counselling

# III. Policies and IV. Programmes

Lessons of past and present government reforms on tax administration:

- Identification
- Collection
- Administration, staffing

International programs:

- technical assistance
- capacity development: institutions, staff

# V. Case studies

- 3-4 short cases (2-3 pages each)
- Progressive, innovative methods for exchange
- Different types of municipalities
- Selected aspects, not comprehensive descriptions: evaluation, information base, enforcement, etc.

# VI. Capacity development proposals

## Focus:

- organisation,
- procedures,
- training

Target group: local government associations

## Reach-out:

- Elected officials
- Tax administrators

# Comments on the first reports

- Bosnia and Herzegovina, Macedonia, Montenegro
- Less on tax policies and more on tax administration
- Evaluation of practices and not the laws
- Specific references to government policies and donor programmes
- Max 20 pages, plus 2-3 pages/cases

# Next Steps

Activity	Timing
Signing Contracts with Associations	Immediately after receiving funds (first half of June)
Translation of prepared draft country reports	June 20
Review and comments on first draft country report	June 30
First complete draft country report	July 21

