

## LAND TAXATION SYSTEM IN TURKEY

Tahsin YOMRALIOĞLU<sup>1</sup>, Bayram UZUN<sup>1</sup>, Recep NİŞANCI<sup>1</sup>

<sup>1</sup>Karadeniz Technical University  
Department of Geodesy&Photogrammetry Engineering, Trabzon, Turkey  
tahsin@ktu.edu.tr

*Land is one of the economic entities that can not be re-produced. Due to lack of resources it is also very valuable investment tool among the others. Especially in urban areas, population is growing rapidly on the other hand parcel-based land can not be available for planning and settlement. As a result land valuations are going up quickly. This increase is not reflected to land taxation process in many times because while land values are changing it is not assumed such as tangible benefits by local bodies. Especially in the developed countries when property owners use and get such economic benefits from their land, government has right to collect land development tax. In Turkey, however, local government collects land tax which is the most important resource for the local authority's budget. Turkey has the Real Estate Taxation System but in practice there are many issues which are economical, technical and legal. In this paper, on the European Communitate way land taxation system in Turkey will be reviewed. The new land valuation and taxation norms will also be bring up relating to use of the spatial information technology such as GIS.*

### 1. WHAT REAL ESTATE MEANS OF PEOPLE?

Real estate investment is a kind of money saving process particularly in the high inflation exist countries such as Turkey. However, owning property provides an incentive for self-confidence and economic-social power to people but in reality it is a capital value. At the same time it has an important role on economical life as purchase-sales, loan guarantee and mortgage application.

When people owned land, they not only have property itself they also get benefits from near public services. These effects also give some extra economical attractions to land. As a result in real estate market this can be shown up very clearly a price is decided. Because of such public effects land taxes may assessed more considerable in that way. This kind of tax is named as land valuation which has been paid by landowners in each year. The problem in this stage is to find out what public effects should be considered to land taxation process. In Turkey, it is a difficult procedure to determine a unit value on a land parcel level. Therefore, rather than an individual parcel level, land tax rates are decided on a regional such as a neighbour or a street level. This approach is of course is not an equitable to landowner.

### 2. BACKGROUND OF THE LAND TAXATION PROCESS IN TURKEY

Land taxes are probably the oldest form of a taxation system. The development of effective land taxes began with the enlargement of administrative and assessment techniques, particularly under the modern cadastral systems. Land taxation had a long way through a period of different stages. Firstly, real estate tax was carried out as property tax then it could be revenue tax and expense tax. Nowadays, real estate tax less important than the revenue tax in totally. Land related taxes are collected by the local authorities which under the supervision of the Ministry of Finance from 1922 to 1985. Today this responsibility has been passed to municipalities including land assessments and collection of tax.

In the period of Ottoman time, there was a rural tax called “öşür” which has a range of maximum %25 gross of yield [Cin, 1985]. In 1925 the öşür was abrogated by the Grand Assembly of Turkey (TBMM). Up to 1970, tax rates on land were changed increasingly. More effective taxation is started by the Law of Land Taxation in 1970. The main change by this law is to declaration of land owners should be considered rather than registration of land value by tax collectors.

Land-value taxes in Turkey now are one of the main sources of governmental revenue for central and local governments. Many real estate taxes are collected by municipality in order to make local investments and provide people need such as infrastructure and zoning development. Because real estate necessities are served by municipality so it needed systematic revenue.

In current land valuation system, the assessment commission includes a representative from municipality, a land title officer, and a local business chamber member, and the head of neighbourhood. So there are no standards for the commission. According to economical situation on time, a limited unit values on street or a regional level have been decided and published. But the result in many cases has considerable differences. In the following table land unit values for the same land parcels are shown.

Table 1: Unit value differences for the same land parcels [Uzun, 2000]

<i>Valuation approaches</i>	<i>1</i>	<i>2</i>	<i>3</i>
Unit land tax value	\$425.-	\$150.-	\$106.-
Unit value determined for nationalization	\$1.030.-	\$850.-	\$545.-
Unit Value determined by tax commission	\$1.150.-	\$850.-	\$850.-
Unit Value determiner by trial	\$10.900.-	\$9.850.-	\$8.790.-

### 3. A CONTEMPORARY LAND VALUATION SYSTEM

Land parcel is the base objective of a land valuation system. Therefore, land taxes payers and land register should be linked in a land information system context. By using such database land tax illegalities will be reduced. This database has to control land values transactions by a GIS system. So, each individual land parcel value will be assessed in its way. Rather than declaration of land unit value by the owners, total value of land parcel can easily be determined by a GIS based system [Nişancı, Yomralıoğlu, 2002]. So owners will know how much they will pay. The importance here is to decide the tax rates only with respect to market prices of lands.

In such system there are two main institutions which will have great responsibilities. These are local land title offices and the other is to municipality itself. Land title office has responsibility to follow and take care of land transaction, land ownership information, and other land related registered property rights. In other word, land title office has tabular data on land parcels. On the other hand, municipality has responsibility to provide basic services to land parcels such as zoning, infrastructure and other social facts. So, municipality has graphical information of land parcels. These two public institutions should link both their tabular and graphical information to use and having a well based land taxation systems (Figure 1).

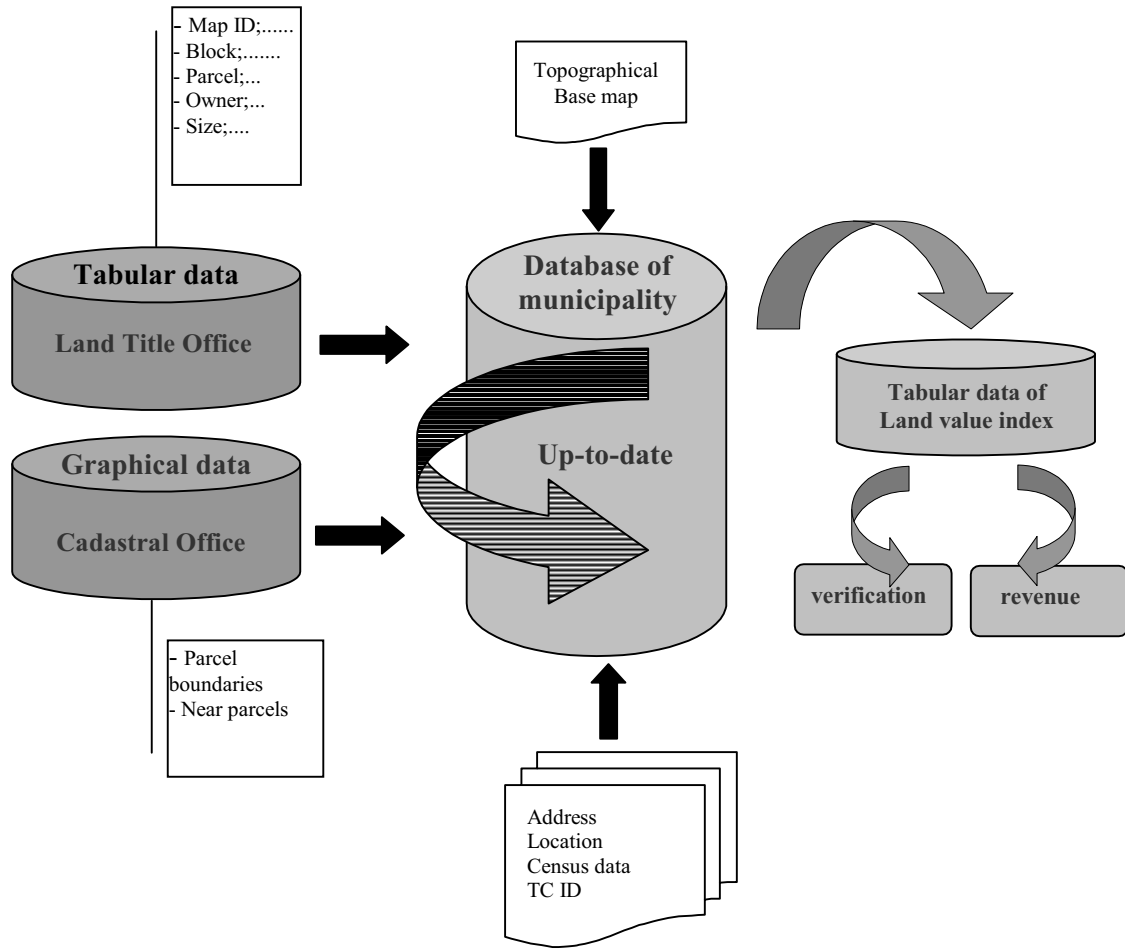


Figure 1: A framework for active land taxation systems

#### 4. CONCLUSIONS

In Turkey, land taxation process still has many considerable issues. Land assessment and tax collection are difficult task in due to lack of information. While land property information is held by land title and cadastre offices, municipalities can not dynamically check land changes just on time. So, a connection between two organizations should be provided via using information technology. In order to provide this, in both organization GIS can be taken into account. Land values have to assess by professions by GIS techniques too. In taxation process, real buying-selling prices should be known by local authorities, tax rates then have to be decreased in order to collect meaningful tax revenue.

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