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# Transfer Taxes and Municipal User Fees/Charges

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## Property Transfer Taxes

- VAT (NETH, SPA – rules to avoid double taxation)
- Stamp duties
- Inheritance tax
- Gift tax
- Income taxes
- Property-value increasement taxes
  
- PROPERTY TRANSFER TAXES

## Advantages

- Property is immovable - fixed in location
- It is impossible to hide the property
- There is always a value of the property
- Property is registered
  - Transfers are public and registered
  - Taxpayers are easily identifiable
- Is the property transfer registered before or after the payment?
- Easy to administer, low administration cost

## Disadvantages

- Second tax (income tax, annual property tax, VAT)
- Unfair tax: the decision of Czech Constitutional Court argued that this is a politicum
- Benefits for taxpayer??? – Registration and protection of rights
- Other legal acts not to tax property transfers
- Undervaluation of property
- Deformed market
  
- Movable property transfer tax
  - Easy to avoid taxation
  - What is to be taxed?
  - What is the value?

## Types of property transfer taxes in EU

- Transfer tax: AUS, CRO, GER, FIN, GRE, HUN, NETH, POL, PORT, SLO
- Registration tax: BEL, FRA, ITA, LUX
- Acquisition tax: BUL
- Capital Tax: CYP (capital gains), SPA (capital transfers)
- Stamp duty: GB (land tax), IRL, SWE
- Tax on sale: DEN
- Duty: LAT (for consolidation of ownership), MAL (property transfers)
- No transfer taxation: EST, LIT, ROM, SVK, CZE
  
- CZK cancelled the property transfer tax in 2020 – due to the C-19

## Taxpayer

- Buyer: BEL, BUL, CRO, FIN, FRA, GRE, IRL, LAT, LUX, MALT, NETH, POL, PORT, SPA, SWE, GB
- Seller: DEN, CYP, SLO
- Both: AUT, GER, ITA
- Contract?: BUL, GER
- Surety?: BUL (in case of contract buyer)

## Object of taxation

- Transfer / Acquisition of the property
- Transfer of the title to property
- Sale by public auction



## Tax base

- Contract price: AUS, BEL, DEN, GB, GER, IRL, LAT, MAL, SLO, SPA, SWE
- Price vs. Market value: FIN, FRA, GRE, NETH
- Price vs. Taxable value: PORT
- Assessed value: BUL
- Market value: CRO, ITA, LUX, POL
- Re-evaluation of the cadastral income: ITA for houses purchased by private persons
- Net profit: disposal proceeds less the greater of the cost or market value as at 1st Jan. 1980 as adjusted for inflation: CYP
- Costs are often deductible from the tax base
  
- Set by:
  - Central authority
  - BEL(central and regional authority)

## Tax Rate

- PORT: 0-8 % progressive, depend on type of the property and location
- BUL: 0,1-3 %
- IRL: 1-2 %, GB 1-15 % progressive
- SWE: 1,5 % for natural persons, 4,25 % for legal persons
- POL, SLO: 2 %
- LAT: 2-6 % depends on type of the property, discounts for relatives
- GRE, ITA: 3 %
- MAL: 3-5 % degressive
- AUT, GER: 3,5 % (2 % for relatives in AUS; decision of lands in GER)
- FRA: 3,8 – 4,5 depends on departments + 1,2 % additional local tax
- FIN: 4 %
- CRO: 5 %
- BEL: 5-12,5 % depends on region
- LUC, NETH: 6 % (2% for dwellings in NETH)
- SPA: 6-7 % depends on location
- CYP: 20 %
- DEN: taxed by income taxes
- Set by:
  - Central authority
  - BEL, SPA, PORT (central and regional authority)
  - GER – regional authority
  - BUL – local authority
  - FRA – central, regional and local authority

## Correction components

- For relatives
- Public institutions, charities, public benefit associations, churches, Red Cross, etc.
- Protection of environment
- Low value, especially used as permanent residence
- In the act, sometimes depend on local or regional authorities
  
- Set by:
  - Central authority
  - BEL, SPA (central and regional authority)
  - FRA, PORT (central, regional and local authority)

## Tax administrator

- State tax offices
- Region: FRA, GER
- Local authority: BUL, SPA
- Professional intermediaries like notaries: BEL
- Land register: LAT

## Beneficiary

- Central authority - generally
- Regional authority – GER, SPA
- Local authority – BUL, FRA, SLO, POL, PORT
- Shared – BEL, ITA (central and regional), AUS, CRO, GRE (central and local)

# Thank you

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