Abstract

Immovable Property Taxation: Basic Features and Introduction in Croatia

PROFFESIONAL PAPER

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The aim of this paper is to provide a general overview of immovable property tax. The first part describes recurrent tax on immovable property as a tax form belonging to the group of property taxes, and outlines the differences between recurrent tax on immovable property and other forms of property taxes. This is followed by a list of advantages and disadvantages of introducing such a tax. Focus is then placed on the issues involved in identifying and evaluating the tax basis for immovable property taxes through mass valuation. Tax exemptions and benefits are also discussed. The first part of this paper ends with information on the contribution of recurrent tax on immovable property in the EU. The second part of this paper deals with issues regarding the introduction of tax on immovable property in Croatia. First we describe existing fees that resemble recurrent tax on immovable property. Then we specify the necessary preconditions for implementing such a tax, primarily with regard to the identification and evaluation of the tax basis. Finally, we address the conceptual matter of reconciling property taxation with other features of the Croatian tax system. The paper ends with recommendations for tax policy-makers as to which issues should be given special attention.

Keywords: property taxation, recurrent tax on immovable property, tax on land and real property, mass valuation

JEL classification: H21, H23, H24, H71

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