

Distr.: General
1 February 2019

Original: English

Economic Commission for Europe
Committee on Housing and Land Management
Working Party on Land Administration

Eleventh session

Geneva, 27-28 February 2019

Items 3 of the provisional agenda

**Review of the programme of work for 2018-2019 and
Report of the work of the Bureau of the Working Party**

**Survey on costs for registration/transfer of real estate and
registration of mortgages for the ECE region**

Note by the Bureau of the Working Party

Summary

This information note presents the preliminary results of a study that was prepared by the WPLA Bureau. In 2018, the Working Party initiated a study on benchmarking in land administration on the costs for registration/transfer of real estate and registration of mortgages for the ECE region. A paper with final results will be produced later in 2019.

The Working Party is invited to take note of this information.

I. Introduction

This study is about costs and fees from the user's perspective through the application of three typical land administration use cases. The outcomes will enable the member states to compare and evaluate cost levels and costing models and at the same time related trends in the region will be displayed.

In order to compare the results, the following 'simple' land administration use cases are defined as follows:

1. Transfer of a residential dwelling;
2. Establishment of a mortgage for a dwelling covering 100% of the transfer value;
3. Subdivision of an unbuilt parcel of average size in a residential area.

Four costs types are considered to enhance interpretation of the responses:

- A. Legal/technical services (e.g. collecting preliminary documents, contract/deed drafting and signing);
- B. Registration services (e.g. registration of contracts/deeds/titles);
- C. Taxation (e.g. transfer tax, stamp duties);
- D. Cadastral services (e.g. parcel surveying, updating cadastral map and register).

The questionnaire has been sent in PDF form in order to allow respondents to share the questions with other colleagues or even other institutions. All answers have been collected through the questionnaire. It has been sent to 52 organizations, members of the WPLA, of which the following 31 organisations responded by the deadline:

1. HM Land Registry, United Kingdom
2. Agenzia delle Entrate, Italy
3. Court administration of Latvia
4. National Cadastral Agency, Belarus
5. Agency for Real Estate Cadastre, Republic of North Macedonia (2x)
6. National Land Survey of Finland
7. Danish Geodata Agency
8. Czech Office for Surveying, Mapping and Cadastre
9. Kadaster, The Netherlands
10. Instituto dos Registos e do Notariado, I.P., Portugal
11. Registers of Scotland
12. Norwegian Mapping Authority - Cadastre and Land Registry
13. Lantmäteriet, Sweden
14. State Enterprise Centre of Registers, Lithuania
15. Property Registration Authority, Ireland
16. National Agency of Public Registry under Ministry of Justice of Georgia
17. Land and Property Services, Northern Ireland
18. Administration de l'Enregistrement, des Domaines et de la TVA, Luxembourg
19. AdV, Germany
20. Estonian Land Board, Estonia
21. Immovable Property Registration Office, Albania
22. Federal Ministry for Constitutional Affairs, Reform, Deregulation and Justice, Austria
23. Federal Administration for Geodetic and Real Property Affairs, Bosnia and Herzegovina
24. Real Estate Registration Project, Bosnia and Herzegovina
25. Land Registry, Malta
26. Department of Cadaster, Kyrgyzstan
27. Department of Lands and Surveys, Cyprus
28. Public Services Agency, Moldova
29. Republic Geodetic Authority, Serbia

30. State Service of Ukraine for Geodesy, Cartography and Cadastre, Ukraine
31. State Geodetic Administration, Croatia

This report only informs on preliminary findings based on the first 18 responses and it will only inform about the basic responses and how they were reported. As a sample, only the responses from the use case “Transfer of a Residential Dwelling” are reported in this preliminary report. The report does not contain analyses nor comparisons with earlier studies. Any remarks on this preliminary report will be used to compile the final report, which will be available by 1 April 2019. The outline of the final report is discussed in the next section.

Final report structure

The final report will be based on all received responses; and the questionnaire results will be compared with earlier studies. Chapter 2 will discuss basic concepts related to costs of land administration as well as the reasoning behind creation of the questionnaire. This chapter is largely based on literature review. The following chapters will be structured in a similar way as the questionnaire. Chapter 3 will discuss the costs related to the transfer of a residential dwelling, chapter 4 the costs related to the establishment of a mortgage and chapter 5 the costs related to subdivision of a parcel. These chapters will discuss the outcome of the questionnaire in relation to earlier studies, with respect to the fees for legal and technical services, for registration services, for taxation and for cadastral services. Chapter 6 will discuss the costs related to the inspection of the registers, while chapter 7 will elaborate on policy considerations and changes foreseen in the near future. The concluding chapter 8 will summarize the results of this study, identify trends and suggest improvements for the future regarding the costs of land registration services.

II. Costs related to the transfer of a residential dwelling

Please note that the following texts and diagrams are compiled from direct answers from the questionnaires. Some answers do raise additional questions and might need further clarification. Before a final analysis is made, the responses will be checked and corrected when applicable. Respondents might be consulted for clarification or confirmation of major edits.

Introduction

This chapter studies the costs and expenses related to the transfer of an average single residential dwelling between two people or families within a country or state. The average market value of such a dwelling will be the default value to calculate fees and costs for land registration services within this study. Figure 1 shows the average value and is € 187,553. Other respondents opted to use the default value of € 200,000.

Price of an average dwelling

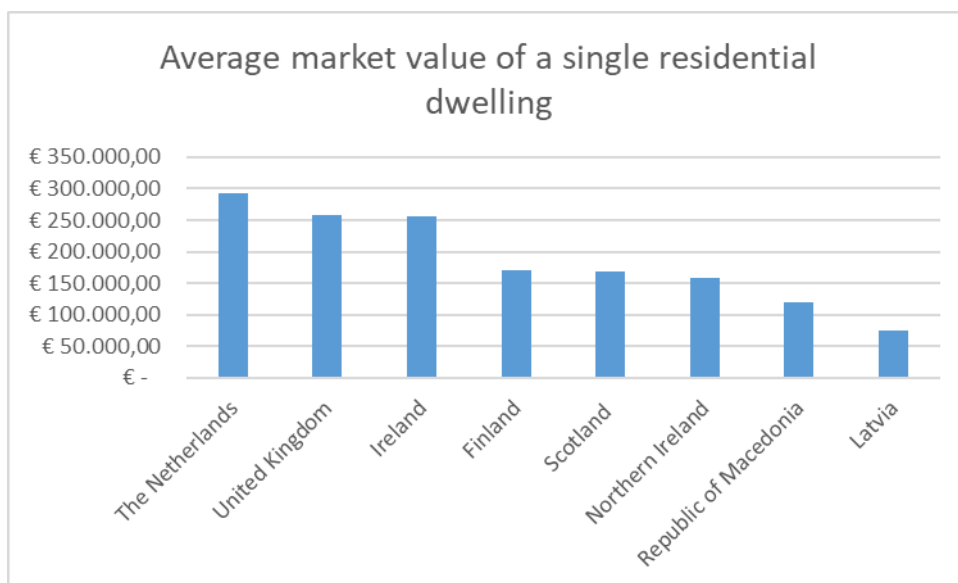


Figure 1 Average market value of single residential dwellings

Legal/technical services (collecting preliminary documents, contract and deed drafting, signing contracts and deeds)

Figure 2 shows which type of professional parties are involved in these legal and technical services to prepare the transfer of a residential dwelling, summarized over the member States who responded to this question (16). It is in addition indicated whether the party is voluntary or obligatory involved. Other mentioned parties involved are: energy performance experts (2x), advocates, registration office and front officers of NAPR.

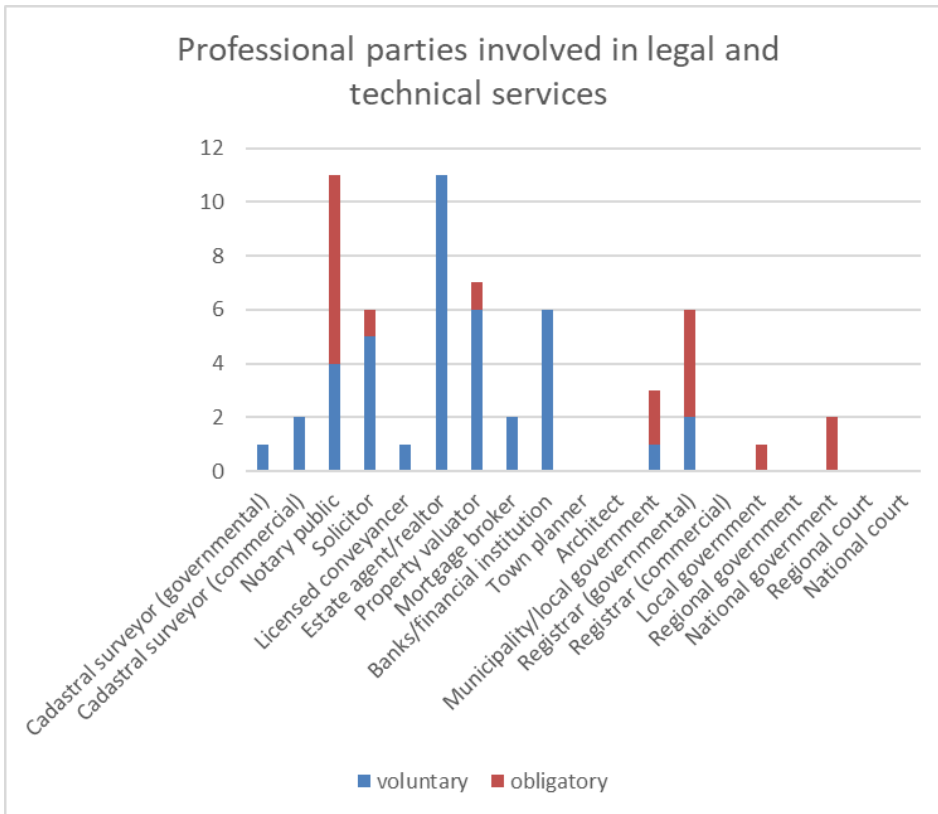


Figure 2 Professional parties involved in legal and technical services to prepare a transfer of a single residential dwelling

Figure 3 shows the fees charged for legal and technical services to prepare a transfer of a single residential dwelling, both for the seller and the buyer. It is important to note that some organizations are not in the position to disclose fees and calculation methods from other parties then themselves.

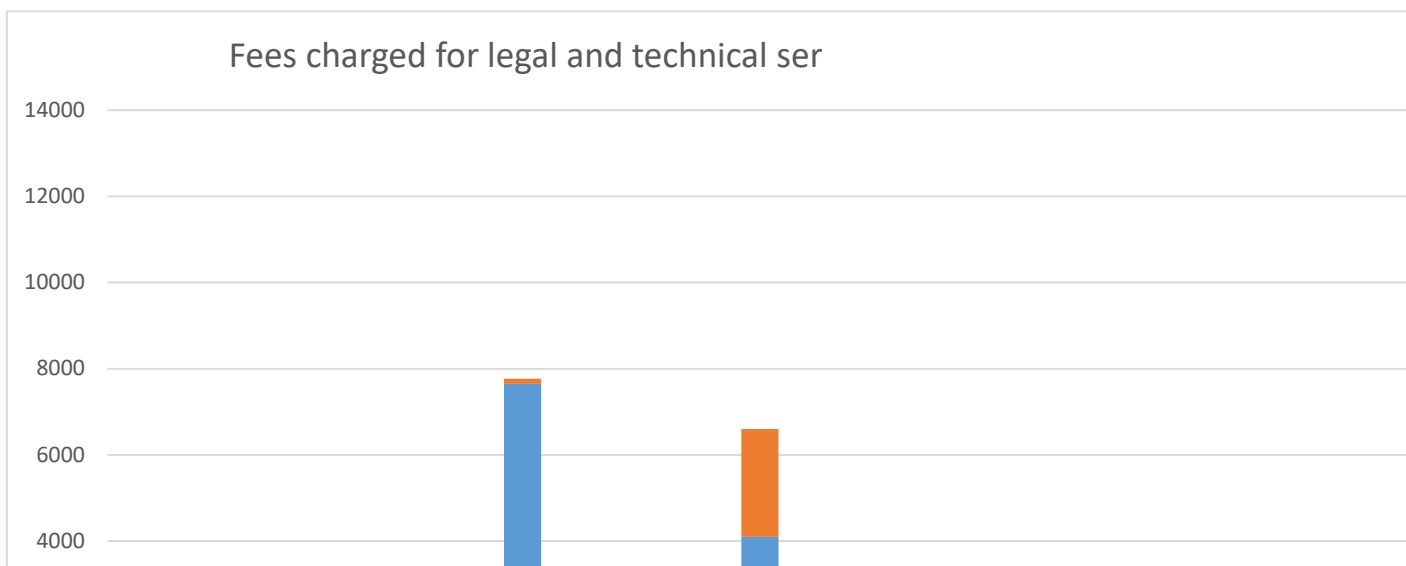


Figure 3 Fees charged for legal and technical services to prepare a transfer of a single residential dwelling

Figure 4 shows the fee base used for legal and technical services to prepare a transfer of a single residential dwelling, based on 17 respondents.

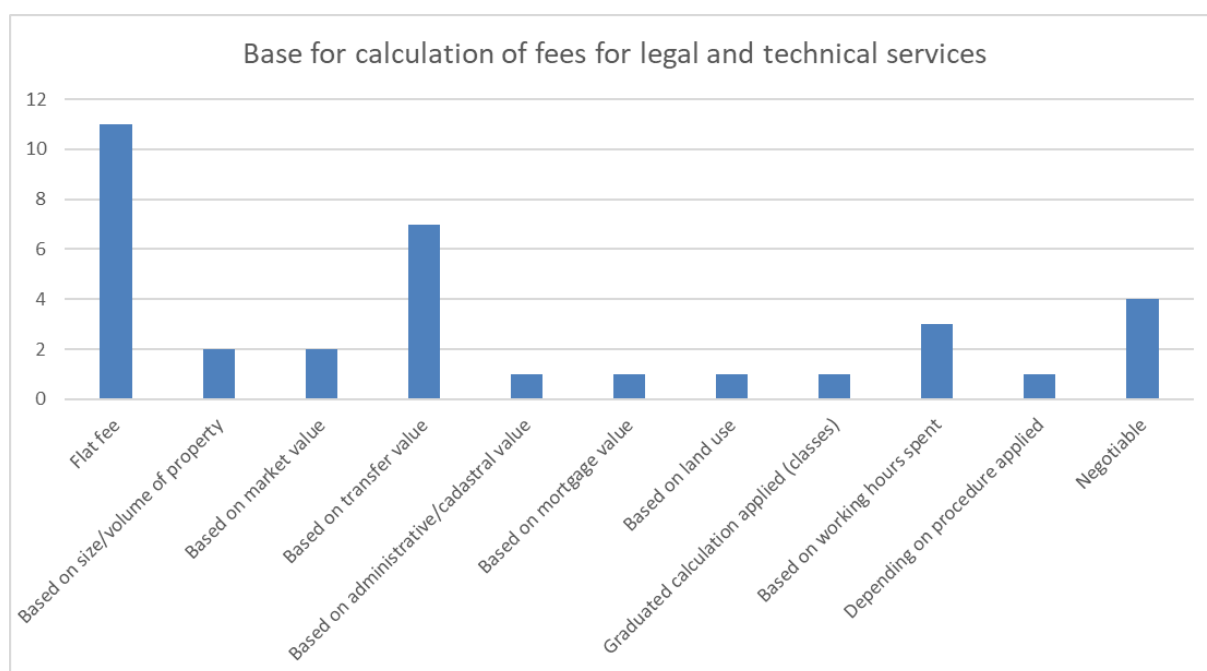


Figure 4 Base for calculation of fees for legal and technical services to prepare a transfer

Table 1 lists the additional comments made on the fees for legal and technical services to prepare a transfer of an average residential dwelling.

Country	Additional remarks
Italy	In the Italian system, the notary collects all the documents for the drafting of a valid and effective deeds.
Finland	Should the transfer be carried out in writing, then the public notary is needed to attest the deed of sale; should the transfer be undertaken electronically by using the Property Transaction Service, the fee of the use of the Service is 170 euros, to be paid by the buyer (A fee for the registration of title included, notary public is not needed).
Czech Republic	In Czech Republic notarial services for writing a deed is not obligatory. The buyer and the seller can write the deed themselves and apply for registration without any other party.
Sweden	Taxes and fees are tax-deductible if and when the property is sold the next time for a profit. In other words, the fees are passed on to the next owner. A fee paid to a real estate agent is subject to negotiation.
Ireland	The Property Registration Authority is concerned only with the registration of titles and plays no part in legal services prior to the application for registration being lodged. The Property Registration Authority cannot comment on the cost of services outside of their professional remit.
Georgia	This step can be done together with filing an application of registration at any front office of National Agency of Public Registry (NAPR) (including NAPR authorized users), with one stop shop service

Table 1 Additional remarks made on the fees for legal and technical services

Registration services (collecting preliminary documents, registering the contracts/deeds, confirmation of the transaction, registration of title and deeds)

Figure 5 shows which type of professional parties are involved in registration services to transfer a residential dwelling, summarized over the member States who responded to this question (16). In addition, it is indicated whether the party is voluntarily or obligatorily involved.

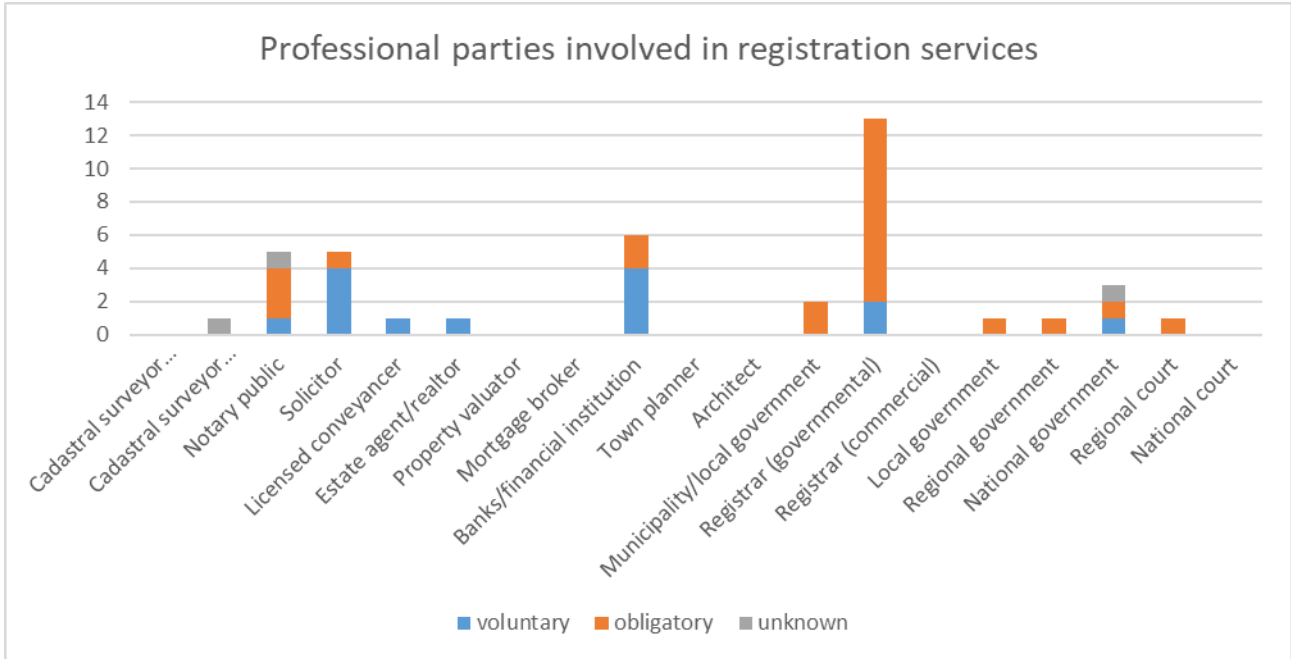


Figure 5 Professional parties involved in registration services to prepare a transfer of a single residential dwelling

Figure 6 shows the fees charged for registration services to prepare a transfer of a single residential dwelling, both for the seller and the buyer.

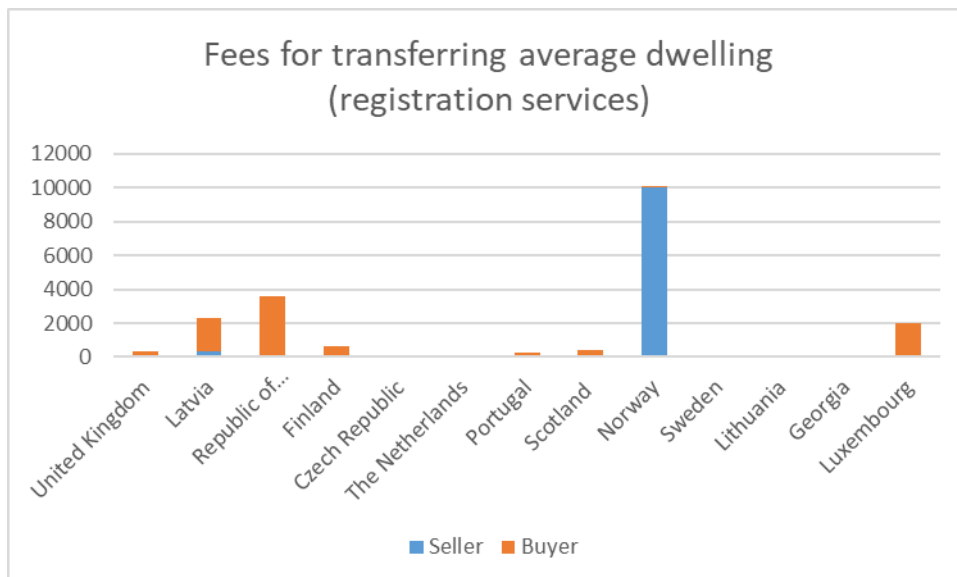


Figure 6 Fees charged for registration services to prepare a transfer of a single residential dwelling

Figure 7 shows the fee base used to charge for registration services to prepare a transfer of a single residential dwelling, based on 17 respondents.

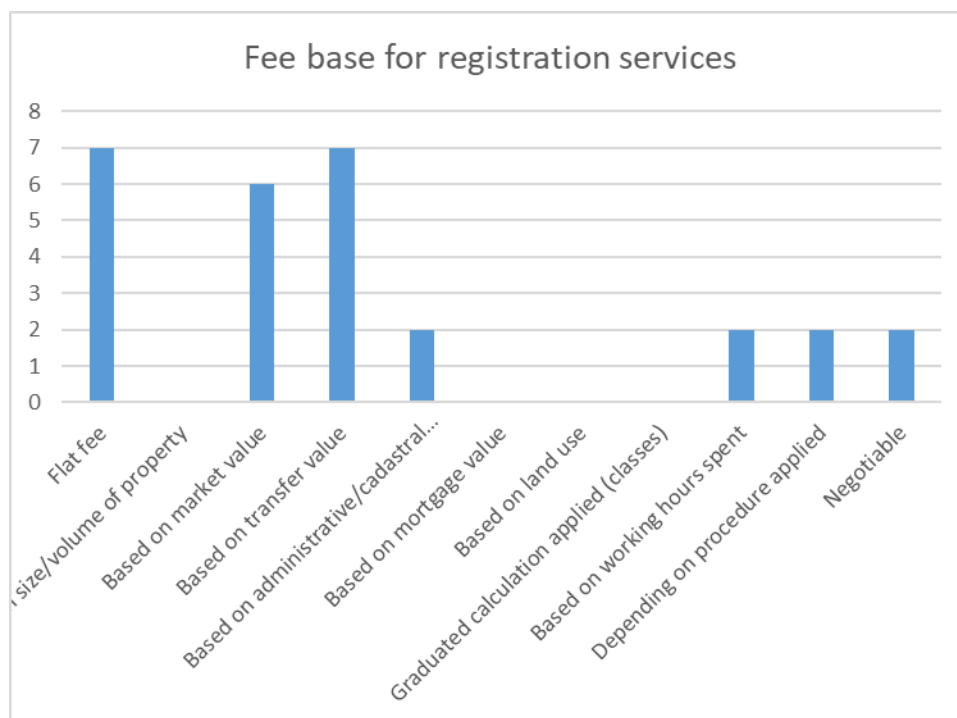


Figure 7 Base for calculation of fees for registration services in case of a transfer

Table 2 lists the additional remarks made on the fees for legal and technical services to prepare a transfer of an average residential dwelling.

Country	Additional remarks
Scotland	The fees are statutory in nature and are reviewed regularly.
Lithuania	If the person wants to have a printed excerpt from the Real Property Register concerning his/her ownership rights, the applicant must pay 1.45 EUR.
Ireland	The Property Registration Authority is concerned only with the registration of titles and plays no part in legal services prior to the application for registration being lodged. The Property Registration Authority cannot comment on the cost of services outside of their professional remit.
Northern Ireland	To encourage the electronic lodgement of documents, the fee for registration is less for electronic applications than for paper applications.

Table 2 Additional remarks concerning fees for registration services

Tax (taxes related to the transaction, like transfer tax)

Table 3 lists the tax payable for the transfer of an average priced single residential dwelling and the official name of the tax.

Country	Transfer tax payable	Name of the tax
United Kingdom	There are two different taxes according to whether the dwelling is in England or Wales. Stamp Duty Land Tax (England) and Land Transaction Tax (Wales), respectively. The tax is paid when you: <ul style="list-style-type: none"> • buy a freehold property • buy a new or existing leasehold • buy a property through a shared ownership scheme (SDLT only) • are transferred land and property in exchange for payment, e.g. you take on a mortgage or buy a share in a house. 	Stamp Duty Land Tax (England) / Land Transaction Tax (Wales).
Italy	€100,00 of mortgage and cadastral tax plus 9% of the cadastral value is to be paid by the buyer, or 2% of the cadastral value for the main dwelling.	Register flat-fee
Latvia	State duty in Land registry office is 0,5% or 2% of the transfer value. Also, an income tax at the governmental level is payable on select occasions (20%)	State land registry fee and Income tax
Belarus	none	none
Republic of North Macedonia	2-4% from the marked value	tax for property transfer
Finland	29.400% (total amount of taxes, estimation is based on the estimated acquisition price of 100.000 euros of the seller)	Transfer Tax (buyer) and Tax on Capital Income / tax on the profit from sales (seller)
Denmark	-	-
Czech Republic	4 % from the price of the dwelling	transfer tax
The Netherlands	Transfer tax	Overdrachtsbelasting
Portugal	Municipal Property Tax on Real Estate Transactions and a Stamp Tax	Imposto Municipal sobre a Transação de Imóveis (IMT) and Imposto de Selo
Scotland	£159 / €176 - No VAT payable Conversation rate (£1 / €1.11)	LBTT – Land and Buildings Transaction Tax
Norway	2.5% of the value of the property	Stamp duty tax
Sweden	€6.000 (€3.000 1,5% of transfer value, €3.000 2,0% of mortgage sum (estimated to 75% of transfer value) transfer tax, paid by the buyer.	transfer tax is called “stämpelskatt” or stamp duty.
Lithuania	No tax	No tax

Ireland	Revenue charges the buyer Stamp Duty on documents that transfer ownership of property. The seller may be liable for Capital Gains tax on any profits arising from the sale of a property	Stamp Duty / Capital Gains Tax
Georgia	The Tax Code of Georgia specifies “Income Tax” for physical persons and “Profit Tax” for legal entities in case of property sale, only if sale of property takes place within 2 years after its purchase and equals to 20% (for physical persons) and 15% (for legal entities) of the difference between purchase and sale price. If the sale of property takes place after 2 years since its purchase, physical persons are exempted from paying "Income Tax". No other tax is applied for immovable property transfer in Georgia	“Income Tax” for physical persons and “Profit Tax” for legal entities
Northern Ireland	-	Stamp duty land tax
Luxembourg	If average value is 200.000 EUR, the tax is 12.000 EUR	Droits d'enregistrement/ Transfer tax

Table 3 Transfer tax payable in case of the transfer of an average single dwelling

Figure 8 shows to which governance level the tax is payable to.

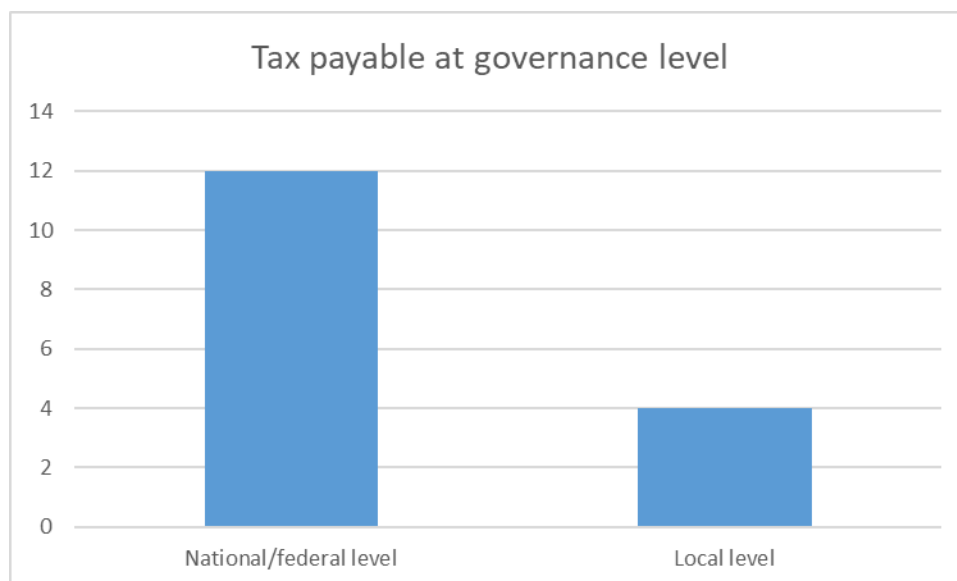


Figure 8 Tax payable to governance level

Table 4 lists the tax which has to be paid by either the seller or the buyer.

Country	What is the amount of tax to be paid by the seller (in €)?	What is the amount of tax to be paid by the buyer (in €)?
United Kingdom	N/A	The current SDLT (England) threshold is 139,260€ (£125 000) for residential properties and 167,113€ (£150,000) for non-residential land and properties. How much you pay depends on whether the land or property is: <ul style="list-style-type: none"> • Residential and whether you're a first-time buyer. • Non-residential or mixed use. You'll usually have to pay 3% on top of the normal SDLT rates if buying a new residential property means you'll own more than one. The current Land Transaction Tax (Wales) threshold is 200,536€ (£180,000) for residential properties and 167 113€ (£150,000) for non-residential land and properties. How much you pay depends on whether the land or property is: <ul style="list-style-type: none"> • Residential • Non-residential or mixed use. You'll usually have to pay 3% on top of the normal Land Transaction Tax (Wales) rates if buying a new residential property means you'll own more than one.
Italy	Joint liability: the buyer and the seller are jointly liable for the payment of taxes.	The buyer and the seller are jointly liable for the payment of taxes.
Latvia	Income tax 20% of the income on select occasions if bought for 50,000 euros and sold for 75,000 euros the tax is paid from 25,000 euros – 5,000 euros.	State duty in Land registry office is 0,5% or 2% of the transfer value. In this case 375 or 1500 euros.
Belarus	none	none
Republic of North Macedonia	the seller is not paying anything	2-4% from the market value
Finland	The amount of taxes for the seller is 22.600.	The amount of taxes for the buyer is 6.800
Denmark	-	-
Czech Republic	0	€ 8000
The Netherlands	none	5,800
Portugal		Municipal Property Tax on Real Estate Transactions 4.900,00€ and a Stamp Tax - 1.200,00€
Scotland		See Question 17 £159 €176 No VAT payable Conversion rate (£1 / €1.11)

Norway	There are no public taxes for the seller. Stamp duty is paid by buyer.	50 € (registration fee - voluntary) + 2.5% of the value of the property (stamp duty)
Sweden	Normally €0. Transfer tax is paid solidary by buyer and seller. If the buyer doesn't pay the seller has to pay to tax. Eventual capital gains tax is paid by the seller.	€6.000 (€3.000) 1,5% of transfer value for private persons and 4,25 % for most legal entities (tax is based on the highest of the transfer value or the taxation value estimated to 75% of the market value).
Lithuania	Not applicable	Not applicable
Ireland	Capital Gains Tax (CGT) is a tax charged on the capital gain (profit) made on the disposal of any asset. It is paid by the person making the disposal. The standard rate of Capital Gains Tax is 33% for disposals made on or after 5 December 2012. However, not every seller will be liable for Capital Gains Tax as there are various exemptions; e.g. a person's main residence.	The stamp duty on a property of 257,000 would be €2,570.
Georgia	See above (Q 17). The payable sum depends on the difference between purchase and sale price.	No tax is paid by the buyer
Northern Ireland	Information not available	Information not available
Luxembourg		In principle, the tax is paid in total by the buyer

Table 4 Transfer tax payable by either the seller or the buyer

Table 5 lists the other remarks made on the transfer tax

Country	Other remarks
Belarus	There is a tax in Belarus if transaction occurs more than once in 5 years.
Lithuania	In Lithuania, we do not have any separate tax related to the transaction. However, according to legal provisions, if the seller sells the property, which he/she acquired and possessed less than 10 years, he/she shall have to pay the income tax after the sale of such property. Taxable income after the real property sale is calculated as a difference between the amount received from the sale of real property and the amount for which this property was bought, including all statutory fees related to the real property transaction. The income tax of 15% will be imposed on the calculated taxable income.
Ireland	Stamp Duty and Capital Gains Tax are administered by Revenue; therefore, the Property Registration Authority has no input in the collection or administration of these charges.
Northern Ireland	No, it is a matter for HM Revenue and Customs (HMRC), Land Registry will only check that transaction has been declared to HMRC.

Table 5 Other remarks on taxation

Table 6 indicates the final overview table relating to the fees of transferring an average residential dwelling which should be completed after all responses have been received and analysed.

Country	Value used	Fees for legal/technical services	Fees for registration services	Tax	Total fees	As % of value

Table 6 Overview of fees for transferring an average residential dwelling

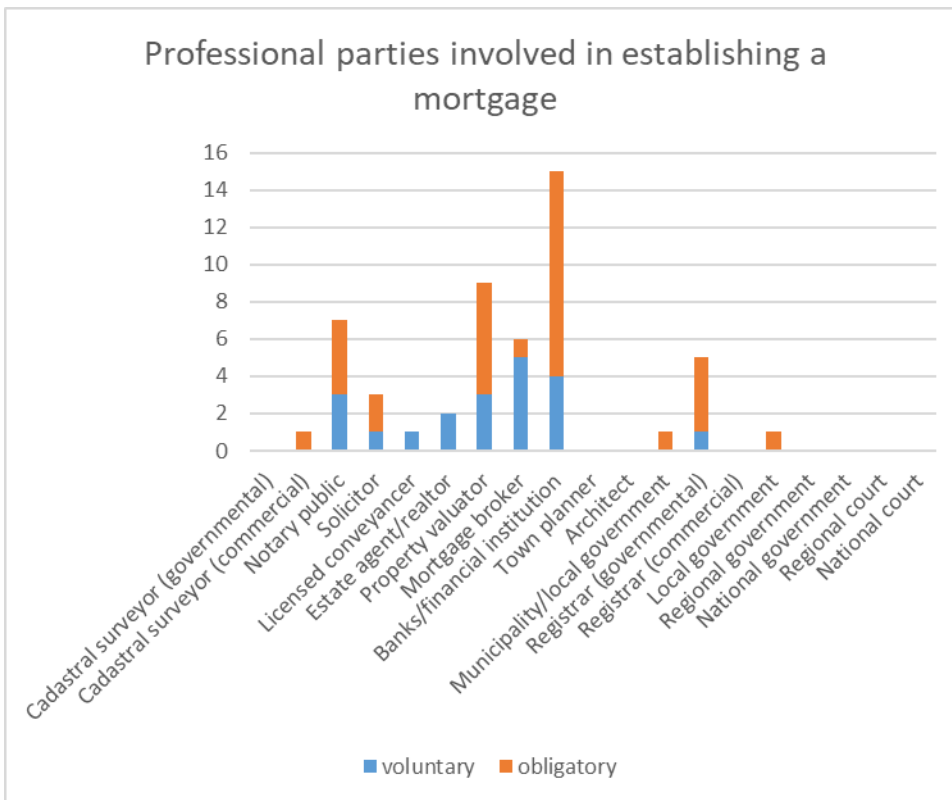
III. Costs related to registration of mortgages

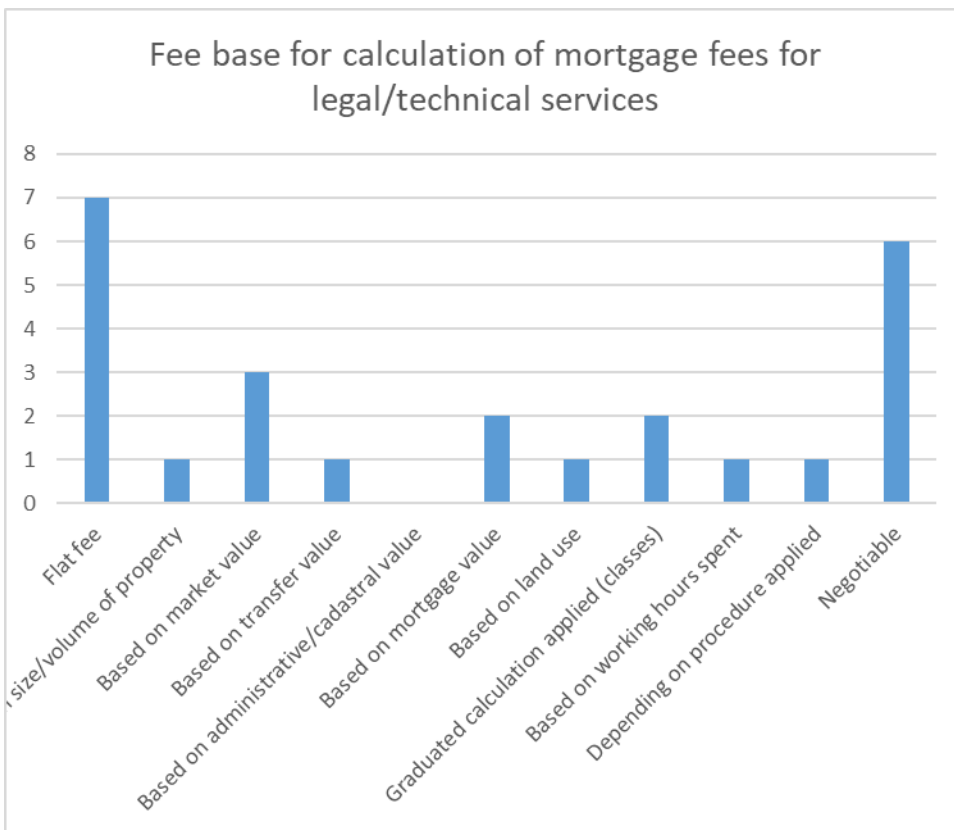
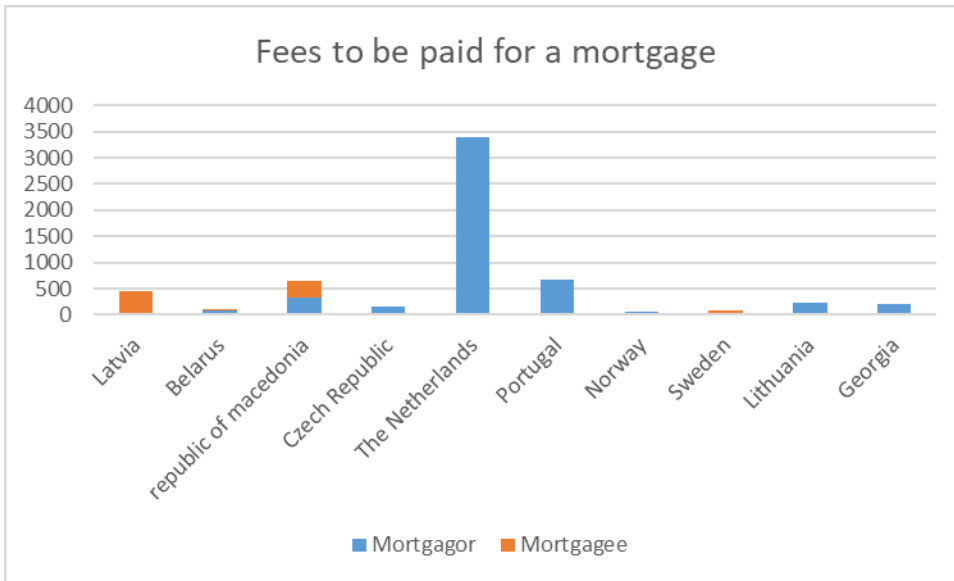
Introduction

This section refers to costs and expenses related to get a mortgage loan on an average residential dwelling. This use case is as much as possible taken as a standalone use case (without transfer of ownership).

Legal/technical services (collecting preliminary documents, contract and deed drafting, signing contracts and deeds, property valuation)

The following sample charts are generated from the 18 respondents:





Registration services (registering mortgages)



Please note:

- More reporting and analysis once all questionnaires have been received.
- All data will be reviewed, checked and corrected when applicable.